Child Nutrition Update

With CANS and SNA SD

April 2019

Topics/questions submitted by preconference attendees:
non-program food revenues/expenses requirements and the template
Why was the administrative Reviews outsourced?
requirements for hiring a new food service director and/or requirements for a waiver if a qualified candidate cannot be found
CEP
Commodity $$ and tracking
ICANS amounts changing
things to prepare for an admin review
what should a procurement policy look like, examples with and without a FSMC procurement
food service management contracts

Welcome!

- Cheriee Watterson, CANS Office Administrator
- Beth Henrichsen, CANS Assistant Director
- Janelle Peterson, Rapid City School District Food Service Director
- Liz Marso, Pierre School District Food Service Director

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Agenda

Questions from <u>you!</u>

- Procurement
- AR Financial Mgt
- Professional Standards (hiring)
- Flexibilities in Lunch & Breakfast

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Procurement

A Refresher of the Basics

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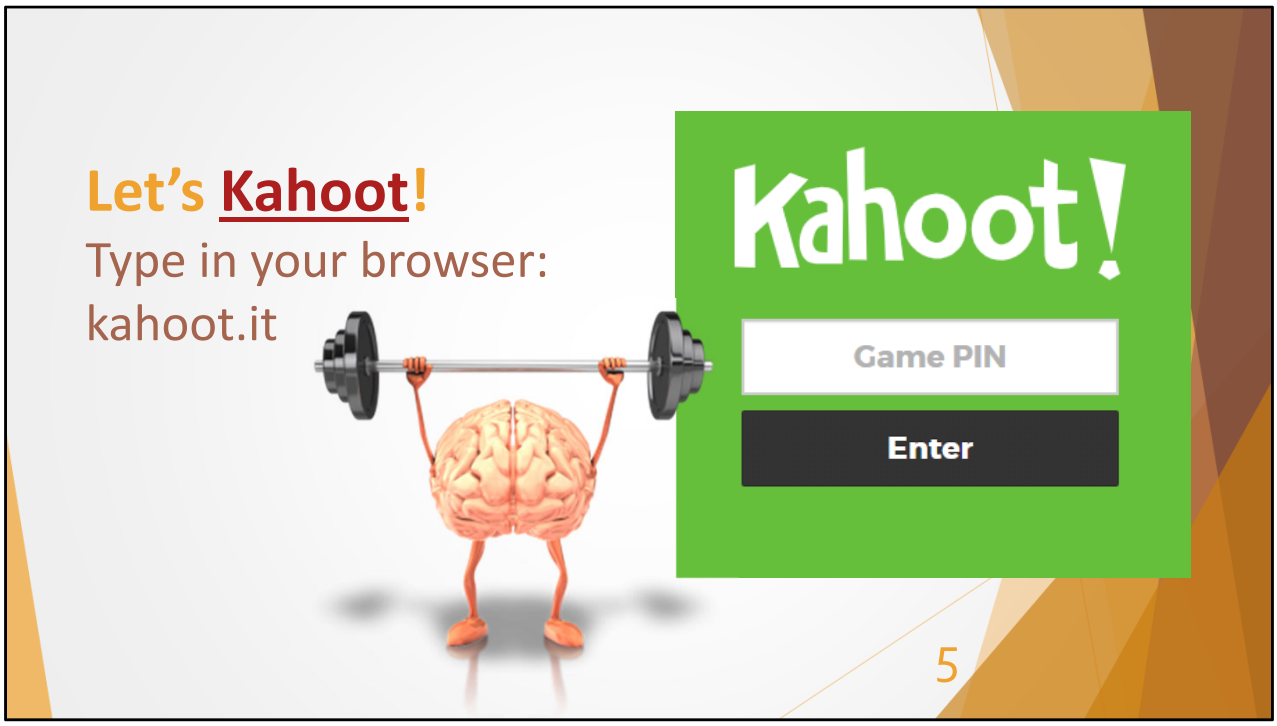
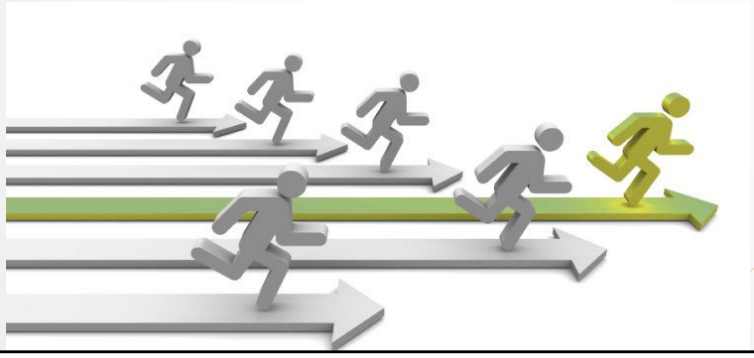


Procurement kahoot before procurement session to warm up our brains!

Fair and Open Competition



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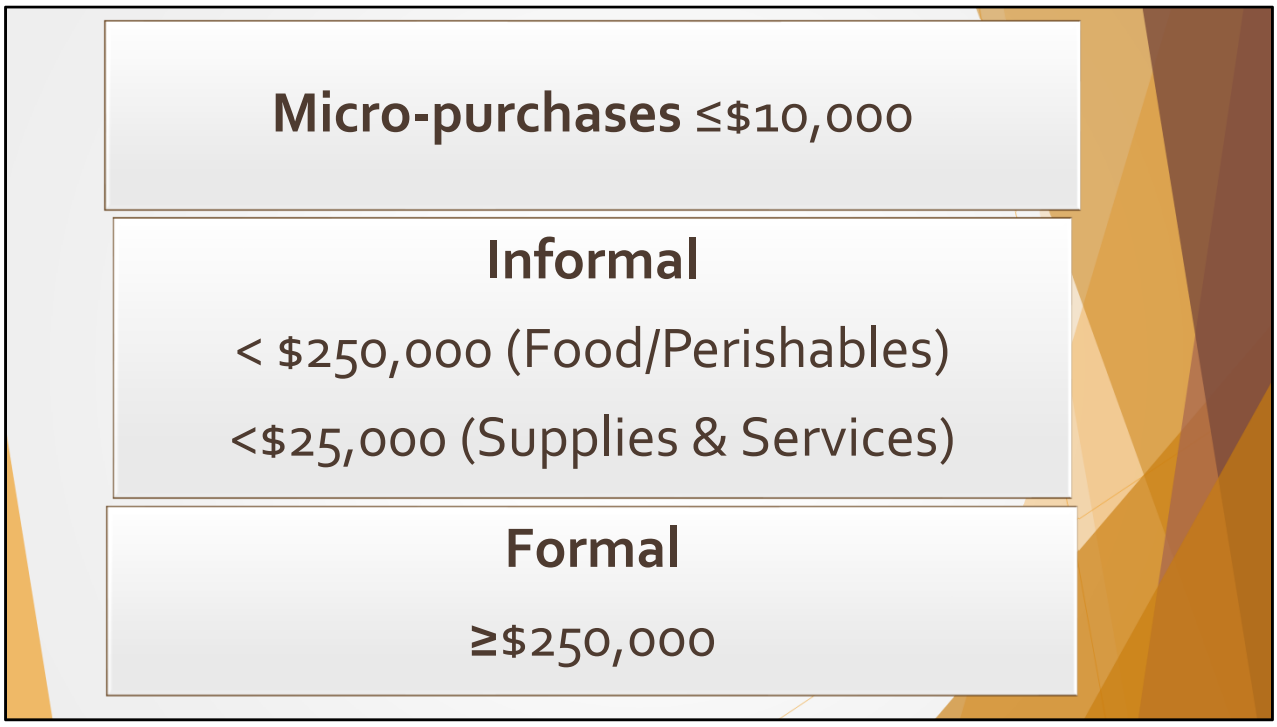
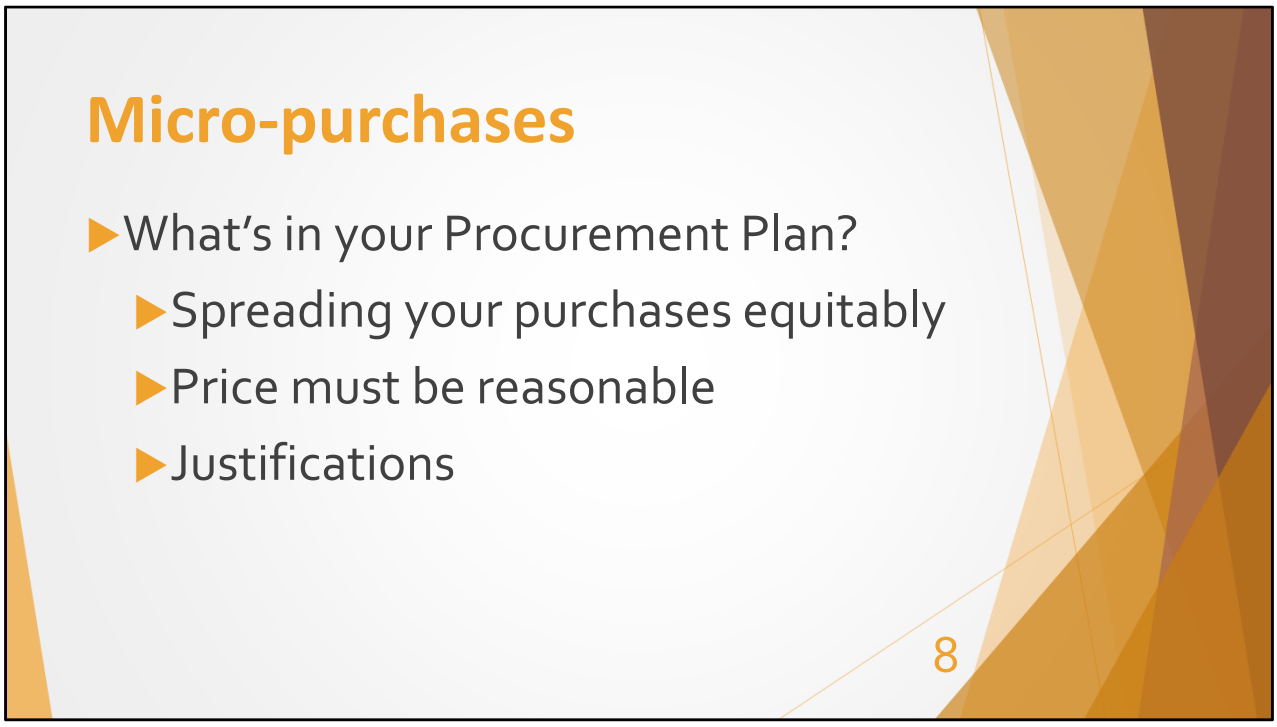
Definition: 2 CFR 200.67
Methods of Procurement to be followed: 2 CFR 200.320 (a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.



Micro-purchase & Simplified (aka Informal), and Formal Thresholds changed per Memo FM-03-2018 Subject: Changes to the Micro-Purchase and Simplified Acquisitions Threshold, dated Sept. 26, 2018 and 2 CFR 200.88

SD Law: SDCL 5-18A-14, SDCL 5-18A-22(12)



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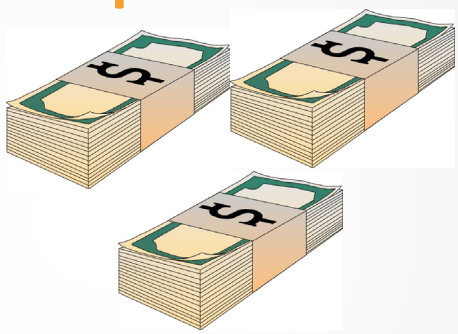
Micro-purchase "Equitable"

- by dollar amount



- rotated equally

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The definition of Equitable has evolved since this concept was first presented nationally. Purchases can be equitable by spreading the same dollar amount among vendors OR purchases can be equitable by rotating purchases equally among vendors.

This must be spelled out in your procurement plan.

Vendor	Good or Service	Reasoning	Duration/ Frequency
Dakotamart	Fresh Fruits & Veg	1.5 miles away from school	Weekly
Wal-Mart	Fresh Fruits & Veg	3 miles away from school	Weekly
Shell's Gas Station	Fresh Fruits & Veg	2 miles away, limited fresh fruit & veg –Price is not reasonable	Not Used

This procurement plan indicates the school will make **equal weekly trips** to both Dakotamart and Wal-Mart, but not Shell's Gas Station

If a school wants to cite "Too expensive" or the price is not reasonable be prepared to show documentation of how you came to that reason. Using the example in this slide, proper documentation could be a simple price comparison between a vendor and Shell's Gas Station done periodically.

In this example, Apple School District Procurement Plan: The Granny Smith Elementary will rotate weekly micro-purchases for fresh fruit and vegetables.

Vendor	Good or Service	Reasoning	Duration/ Frequency
Dakotamart	Fresh Fruits & Veg	1.5 miles away from school	Weekly
Wal-Mart	Fresh Fruits & Veg	3 miles away from school	Weekly
Sam's Club	Fresh Fruits & Veg	1-hr round trip drive. Adds $68 salary & mileage	Not Used

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This reasoning shows how distance can add cost to the purchase.

In this example, Apple School District Procurement Plan: The Granny Smith Elementary will rotate weekly micro-purchases for fresh fruit and vegetables.

Vendor	Good or Service	Reasoning	Duration/ Frequency
Dakota mart	Fresh Fruits & Veg	1.5 miles away from school	Weekly or as needed to equally split purchase costs
Wal-Mart	Fresh Fruits & Veg	3 miles away from school	Weekly or as needed to equally split purchase costs

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This example shows an indication that **cost will be used to split purchases** between Dakotamart and Wal-Mart

Example Plan

CANS website: https://doe.sd.gov/can

Procurement Section

- Procurement Plan Example
  - Contains our best examples and knowledge
  - Standard of Conduct
  - Must be tailored to your practices

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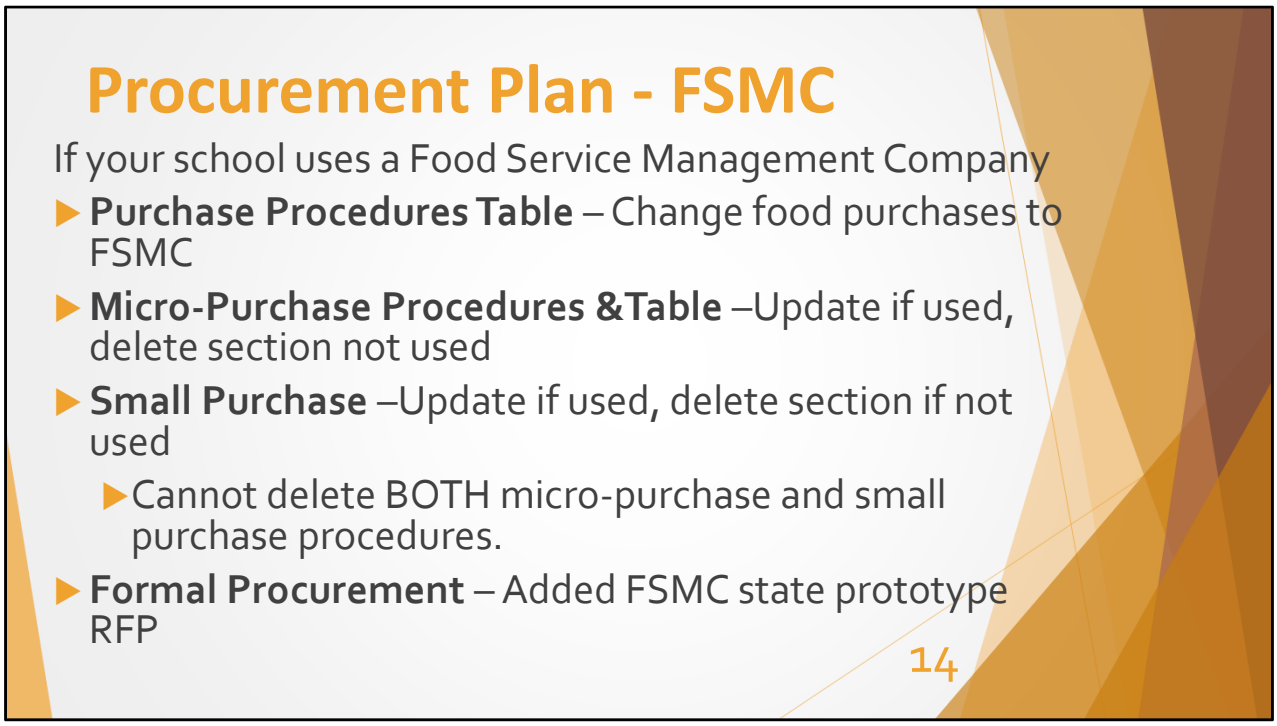
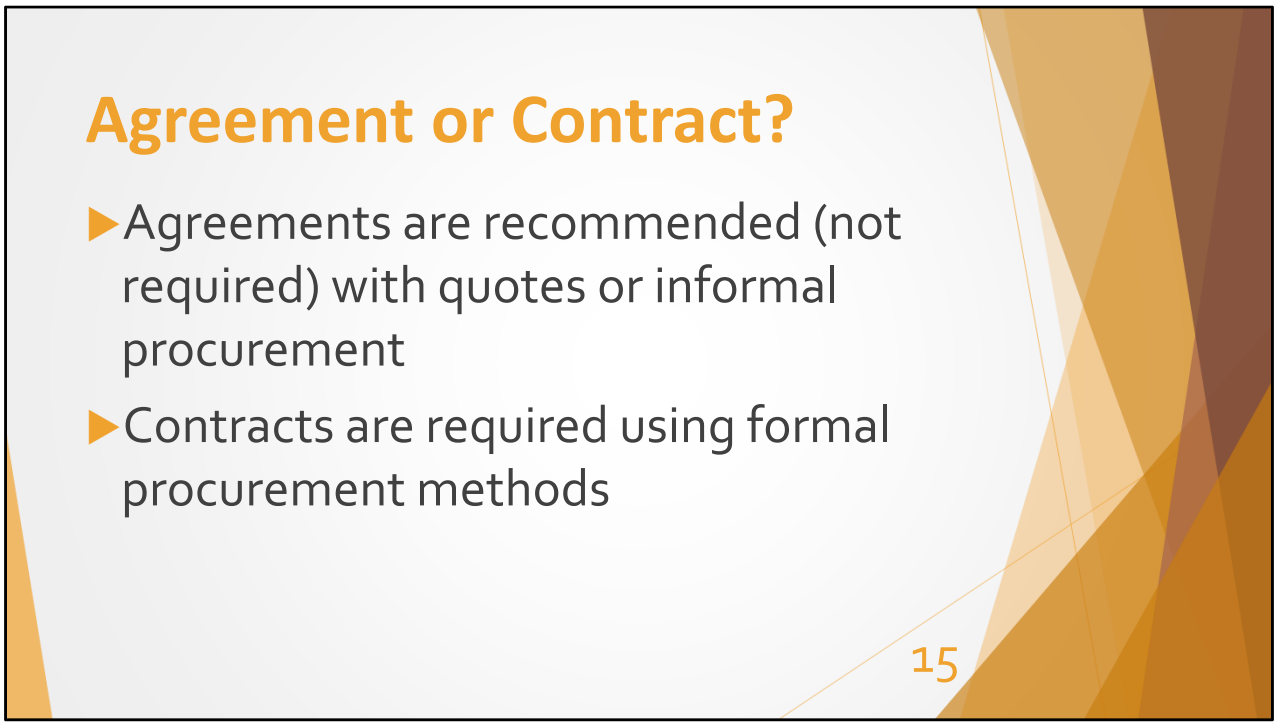
Procurement plan is required for everyone.
It is a living document that must be updated occasionally as things change.
Must also have a standard of conduct, that addresses ethical concerns. This can be included in the procurement plan or a separate document.
We periodically update this template and I expect a new update to be released soon.



Adds procurement language for the FSMC.

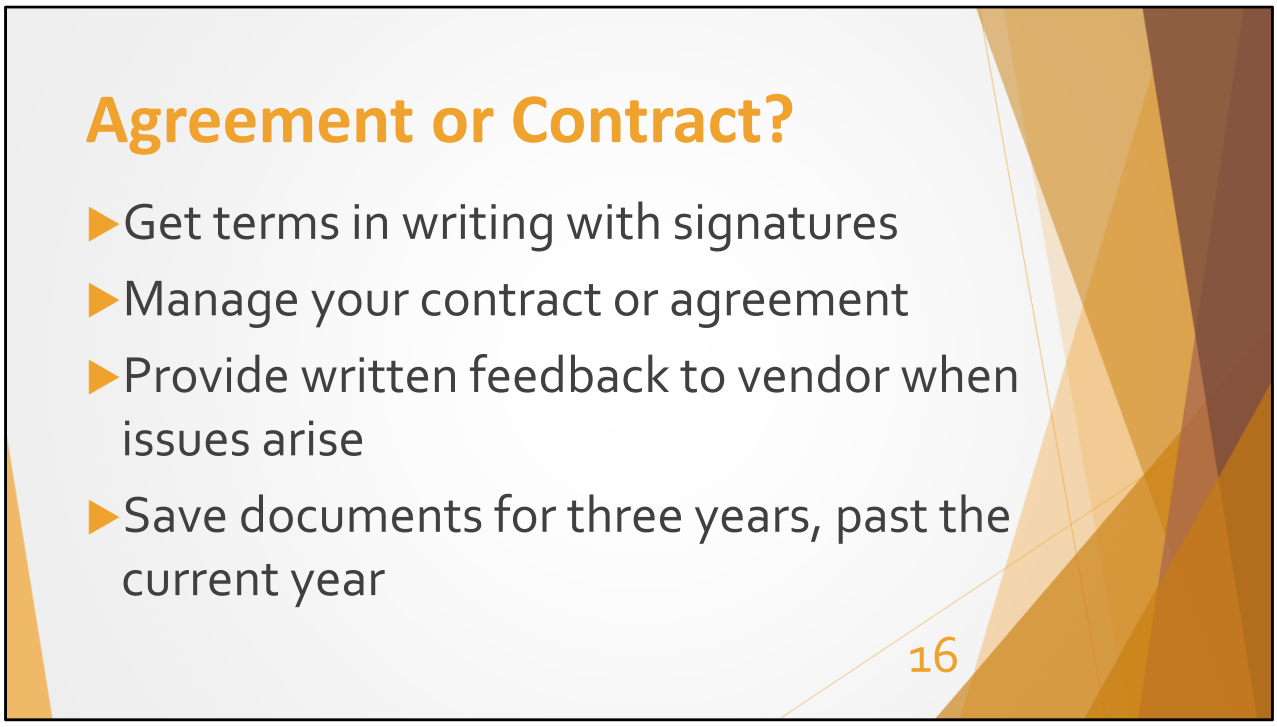
Modified the following:

- Purchase Procedures Table – changed all food purchases to FSMC and not different vendors.
- Micro-Purchase Procedures/Table – Make updates if this method will be used, delete section if this method will not be used. Cannot delete BOTH micro-purchase and small purchase procedures.
- Small Purchase – Make updates if this method will be used, delete section if this method will not be used.
- Formal Procurement – Added first line for FSMC to use state prototype RFP



Contract Definition. An agreement between private parties creating mutual obligations enforceable by **law**. The basic elements required for the agreement to be a **legally** enforceable **contract** are: mutual assent, expressed by a valid offer and acceptance; adequate consideration; capacity; and legality.

Agreement Definition. An **agreement** between private parties creating mutual obligations enforceable by **law**. The basic elements required for the **agreement** to be a legally enforceable contract are: mutual assent, expressed by a valid offer and acceptance; adequate consideration; capacity; and legality.



For both an agreement and contract, do the following

Equipment Purchases

Preapproval from the State Agency is Required, Except When:

- Equipment is listed on the CANS preapproval list (CANS memo SNP 241-1)

and

- Equipment is under the federal ($5,000), state, or local capitalization threshold, whichever is the most restrictive

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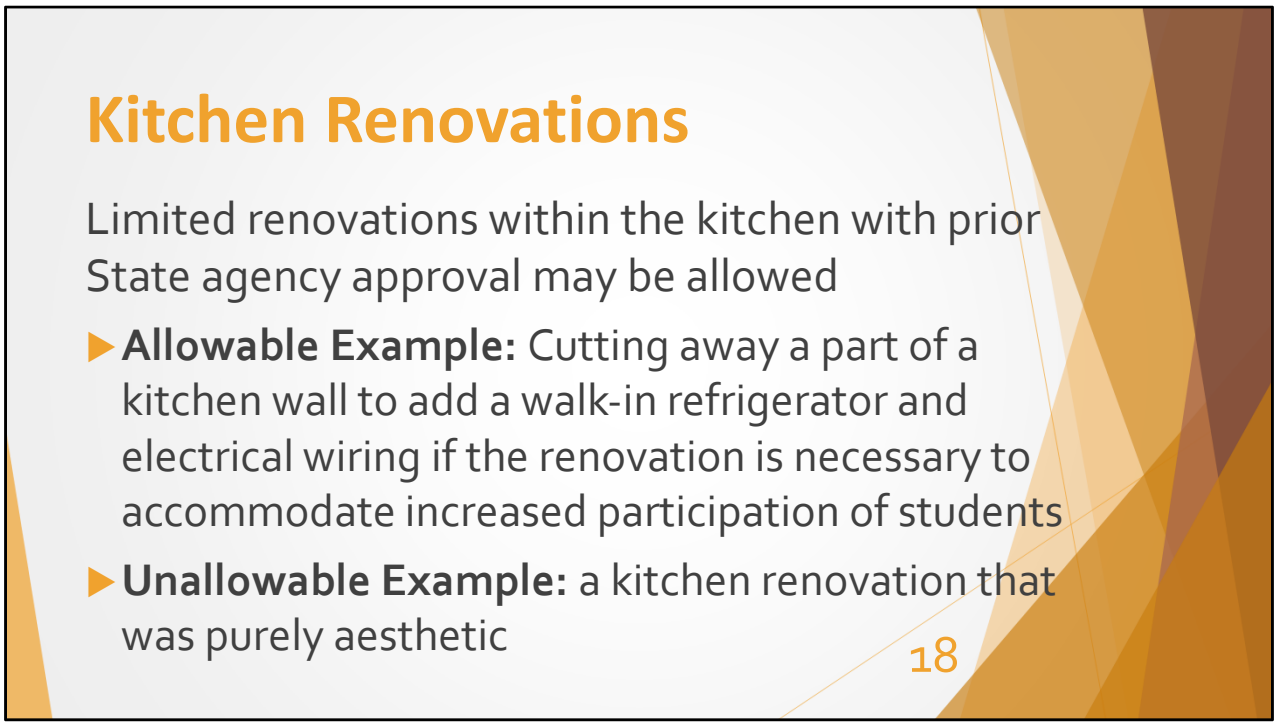
SP 31-2014 SA Prior Approval Process for SFA Equipment Purchases



Indirect Cost Manual pg. 16

Renovating a School Kitchen 2 CFR 200.452, Maintenance and repair costs, identifies costs of normal repairs and alterations as allowable so long as they: (1) keep property in an efficient operating condition; (2) do not add to the permanent value of the property or appreciably prolong its intended life; and (3) are not otherwise included in rental or other agreements. Based on these principles, FNS has allowed limited renovations within the inside perimeter of a kitchen/cafeteria space with the required prior State agency approval (2 CFR 200.407 or FNS approval (7 CFR 210.14(a)). For example, renovating a kitchen by cutting away a portion of the wall to allow room for a walk-in refrigerator and related electrical wiring would be an allowable expense if the renovation is necessary to accommodate increased participation of students in the SMPs. However, it would be an unallowable expense if renovation of the kitchen was purely an aesthetic matter. Finally, the SFA cannot charge normal maintenance costs directly to the NSFSA if such costs are included in the school district's indirect cost pool.

Building a School Kitchen School Meal Program regulations at 7 CFR 210.14(a) and 220.7(e) require that revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, except that, such revenue shall not be used to purchase land or buildings unless otherwise approved by the FNS, or to construct buildings. Historically, FNS has not approved the cost of building purchases because program funds are made available to help support the costs of nutritional benefits

for children in school settings and not to construct school related facilities. The goal is to ensure that an SFA maintains the necessary funding to operate the program as required by the SMPs' authorizing legislation and regulations, and that the NSFSA is not used to cover major expenses that should be borne by the school district's general funds (i.e., capital infrastructure costs). The costs of building a kitchen are analogous to the costs of constructing school buildings, which historically have been borne by the school district with general or capital improvement funds. Similarly, such capital infrastructure costs should be borne by the school district just as the school building and its contents should be

If you are interested in hiring a FSMC be aware this is a complex process with a timeline. If your agency is interested in hiring a FSMC the initial process of evaluating the feasibility of hiring one should be **consider 9 months to a year ahead of time**.

- In September/October, or even over summer break, an agency will want to start crunching the numbers. If you are currently a self-operating agency, the cost of running the program needs to be looked at. How much was the total program cost your school? Include wages, benefits, products for meals, etc. After you've looked at the numbers and have decided you are interested, please notify the SA. By the beginning of November the RFP prototype will be available.
- The State Agency will provide required training in November, usually two different days, covering the process of hiring a FSMC and going over the RFP prototype.
- Due to the length of time it can take to get the RFP approved and the contract completed the deadline for requesting the RFP is December 1.

Once an agency has gotten the prototype RFP from the State Agency its time to start working on completing it. The RFP and Contract prototype is a total of 94 pages. Yes, it will take some time.

Our office asks that it be sent in for our review and approval by January 15. The SA must approve the RFP before it can be publicly released. The SA should have it returned to you within 2 weeks.

Ideally, the RFP will be publicly advertised and FSMC's notified by March 1. Ideally FSMC's would have 60 days to respond. That would put the response date around May 1 or before. That leaves 2 month for evaluating responses, negotiating with the top respondents and getting the contract in place.

There is the option to have an on-site meeting shortly after the RFP is released. Typically this is done 10-14 days after the FSMC's have been notified and the public release has been made.

May 15 is the deadline for having the draft final contract to the SA for review and approval. The contract has to be approved by the state before it can be put into effect.

The final contract should be in place and start on July 1.

Procurement Review

What to Expect

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Review Period

The Previous Completed School Year

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High Level Overview

- Notification & Documents Requested
- Schedule Review
- State Selects A Sample of Procurements for Review
  - Additional Documentation Requested
- Review is Either On or Off Site
- Provide Technical Assistance and/or Corrective Action
- Approve Corrective Action Taken by SFA
- Close Review

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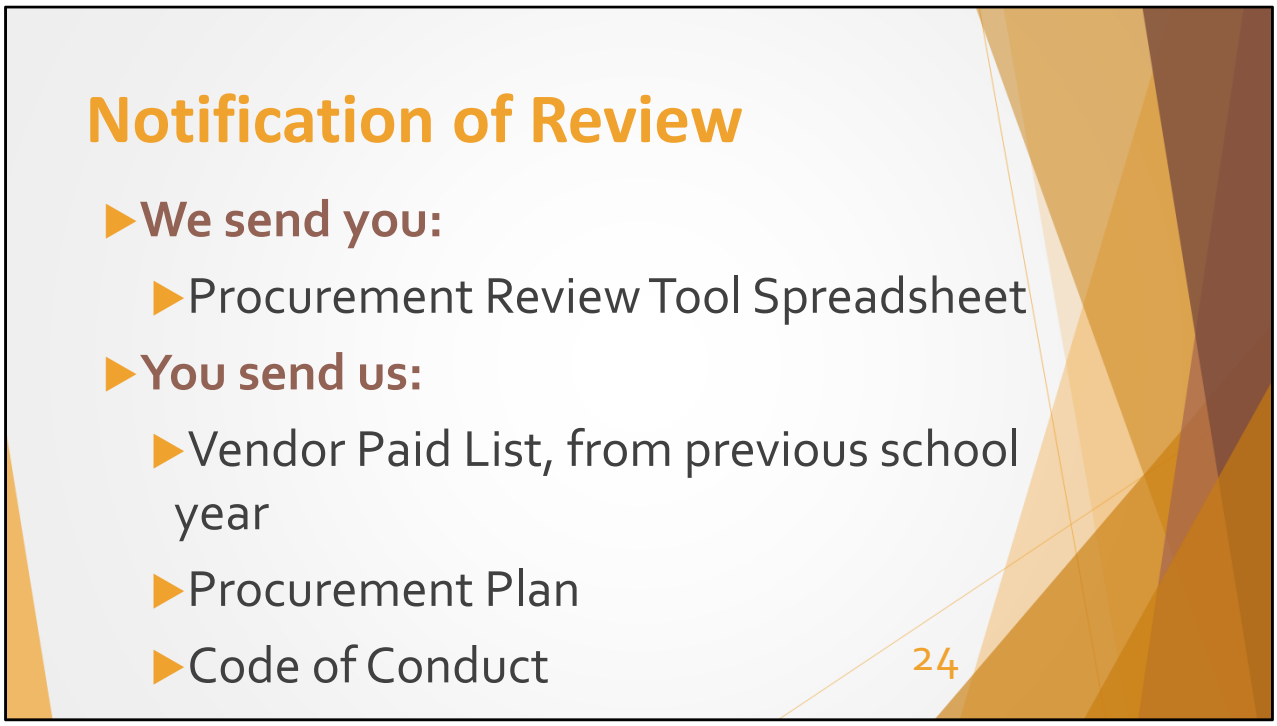
It follows a very similar format to the AR.



The review starts with a notification letter or email to the school. The following items are requested at that time and a deadline is established.

Procurement Review Tool

You complete the Procurement Review Tool spreadsheet:

- With all of the vendors paid using school food service funds
- Using previous school year purchases

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The tool assists the SA in selecting the procurements to review.

Generally, there is a maximum for each different category:

- Micro-Purchase Method: Up to 2
- Small Purchase Procedures: Up to 4
- Sealed Bids/Competitive Proposals: Up to 6
- FSMC (Contract Companies): All
- Processing Contracts: Up to 3

Vendor Paid List

[redacted] School District
02/07/2019 9:38 AM

Vendor Totals Report by Fund
07/01/2017 - 08/30/2018

[redacted]

Fund: 51 FOOD SERVICE

Vendor Name	[redacted]
AMERIPRIDE SERVICES INC	1,984.55
BIMBO FOODS	16,582.49
COBORN'S INC.	11.04
COUNTY FAIR, INC	2,158.76
DARRINGTON WATER CONDITIONING	2,457.30
DAYLIGHT DONUTS	295.03
DEAN FOODS NORTH CENTRAL LLC	59,236.32
HOBART SALES AND SERVICE	2,528.56
JONES SUPPLIES	19,281.74
PEPSI-COLA BOTILING CO	37,314.80
REINHART FOODSERVICE LLC	502,116.40
Vendors Listed: 11	Total: 643,946.99

You will send us:
A list of all Vendors paid by the SNP Operator (our of the nonprofit school food service fund) during the review period.

Typical Costs to Include in the VPL

- Equipment as defined in Title 2, *Code of Federal Regulations* (2 *CFR*), Section 200.33
  - Computer
  - Kitchen
  - Office
- Materials and Supplies
  - Repairs
  - Rent or Leasing
  - Food
  - Cleaning supplies
  - Disposables
  - Other Supplies as defined in 2 *CFR*, Section 200.94
- Vehicle
  - Repairs—if not performed by District personnel
  - Rentals
- Computer software and hardware

- Nutrition education supplies
- Training
- Capital Improvements—if not performed by district personnel (as defined in 2 *CFR*, Section 200.13)
- Building leases
- Co-op/group purchasing organizations/group buying organizations dues memberships

Typical Costs to Exclude from the VPL

- Advertising
- Bank charges
- Dues and memberships (Co-op excluded)
- Equipment and vehicle repairs—if performed by district personnel
- In-house print shop
- Interagency agreements (e.g., agreement between two government agencies)
- State and local government costs
- Laundry expenses—include if the service is performed by an outside vendor and not a government agency or district personnel
- Mileage reimbursement
- Vehicle gas
- Travel and conferences
- Travel and conference reimbursements
- Petty cash payments
- Postage
- Utilities (electricity, waste disposal, etc.)—include if the service is performed by an outside vendor and not a government agency or district personnel

Procurement Plan

- The plan you use to make all food service purchases from the **Non-Profit Food Service Account**

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Code of Conduct

- Addresses Conflicts of Interest
- Covers all officers, employees or agents that represent or make purchases
- Sets limits on soliciting or accepting gratuities, favors, or anything of value
- Establishes a disciplinary action
- Included in Example Procurement Plan

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Supporting Documentation

- Original solicitation or quotes
  - Responses, Score Matrix, Evaluations
- Purchase Orders, Receipts, Invoices
  - At Least 3 From Each Vendor
- Original Agreement or Contact
- Contract Renewals or Amendments
- Contract performance documentation

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The Distributor for DOD FFAVORS went out for bid in Feb. 2019. We may see a change from Cash-Wa, but the new contract has not been awarded/announced (4/4/2019).

Flexibilities in Lunch & Breakfast

Whole Grain Rich
Sodium: Target 1
1% Flavored Milk

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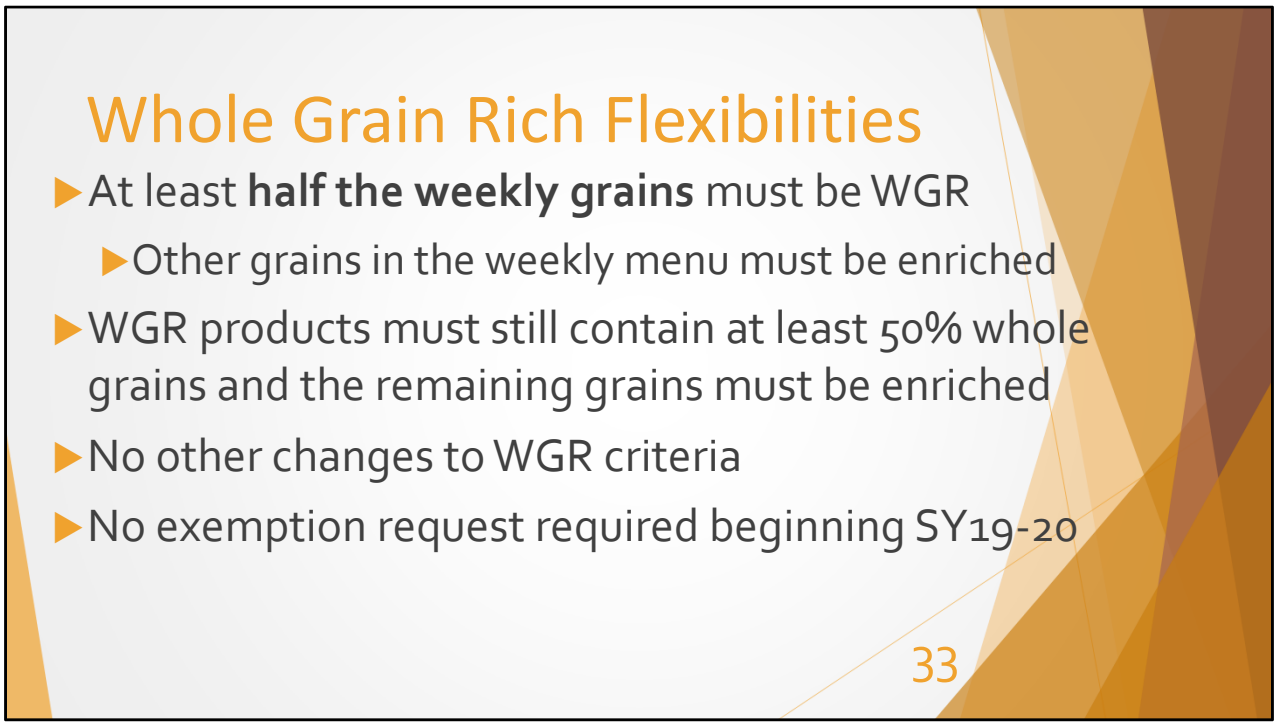

Effective July 1, 2019.
At least **half the weekly grains** must be WGR and other grains in the weekly menu must be enriched.
WGR products must still contain at least 50% whole grains and the remaining grains must be enriched.
Exemption requests no longer required beginning in SY19-20.

Sodium Flexibilities

- Retain Target 1 through SY23-24
- Moves Target 2 to SY24-25
- Removes final target

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Effective July 1, 2019.
Retain Target 1 through SY23-24.
Moves Target 2 to SY24-25.
Removes final target.

Milk Flexibilities

- Allows flavored, low-fat milk with no exemption request required at:
  - Lunch, Breakfast, A la carte, SMP, CACFP (ages 6+)
- Must also offer unflavored milk as one variety for lunch & breakfast

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Effective July 1, 2019.
Allows flavored, low-fat milk with no exemption request for all programs.
Remember, you must also offer unflavored milk as one variety for lunch & breakfast.

FSMC Contracts - Flexibilities

Is it a material change?

- **Check Contract Language:** Does it require HHFKA meal pattern requirements?
- **Check on Food Cost Change:** Original Requirements are more **Expensive** than Flexibilities.

Student Enrollment	SY WGR Cost	SY Enriched Cost	Difference
500	$ 1,116	$ 657	$ 458
3,000	$ 6,851	$ 4,037	$ 2,814

This table estimates swapping out **some** of your Whole Grain Rich foods (~25-30%) to cheaper costing Enriched Grain foods (bread, dinner roll, breadstick, French toast, pastas, rice, cereals, etc.)

This doesn't include processed foods, which may cost more.
This doesn't include sodium or milk flexibilities.

Administrative Review

Preparing for the AR

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Administrative Review Structure

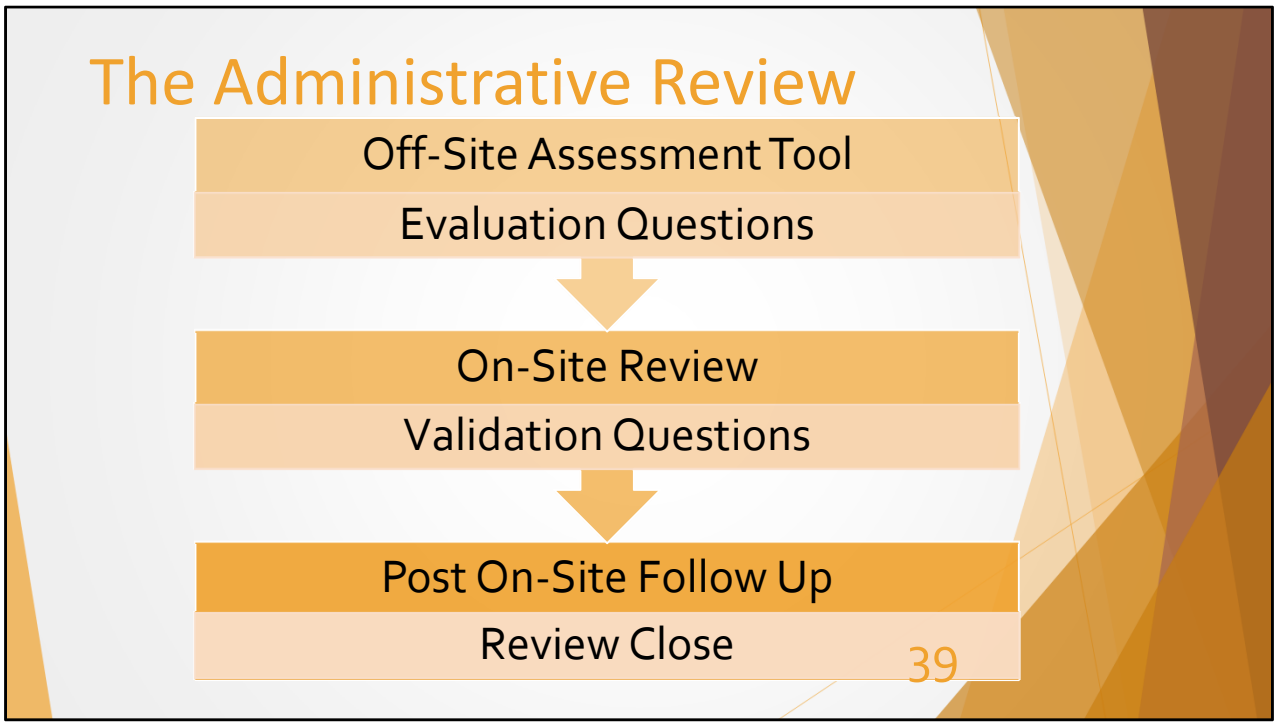
Section 1	Section 2	Section 3	Section 4	Section 5
Access & Reimbursement	Nutritional Quality/Meal Pattern	Resource Management	General Program Compliance	Other Federal Program Reviews
•Eligibility Determination	•Meal Components	•Resource Management	•Professional Standards	•Afterschool Snack
•Benefit Issuance	•Offer versus Serve	•Nonprofit School Food Service Acct	•SFA On-site Monitoring	•Seamless Summer Option
•Direct Certification	•Dietary Specifications & Nutrient Analysis	•Paid Lunch Equity	•Local Wellness Policy	•Fresh Fruit and Vegetable Program
•Meal Counting, Claiming & Reimbursement		•Revenue from Non-program Foods	•Competitive Foods	•Special Milk Program
•Verification		•Indirect Costs	•Civil Rights	
			•Water	
			•SBP & SSO Outreach	
			•Food Safety	
			•Health Inspections	

The Administrative Review is organized into five monitoring areas:

- Access and Reimbursement, which corresponds to Performance Standard 1;
- Nutritional Quality/Meal Pattern, which corresponds to Performance Standard 2;
- Resource Management, which covers the financial side of the program;
- General Program Compliance;
- and Other Federal Program Reviews, which are comprised of both Critical and General areas.

On this slide you can see that within each monitoring section are several modules, each of which addresses a specific review area.

For each module you see listed here, both pre-visit (off-site) and on-site visit materials have been developed where appropriate, to allow for the most efficient collection, submittal and analysis of data and information for a given review area.



There is a three step process used in the administrative review to determine the SFA's level of compliance with Federal Regulations.

The first step involves the use of the offsite assessment tool. The offsite assessment is intended to be conducted in advance of the on-site portion of the review. The offsite tool will be emailed directly to the authorized representative, food service director, and claim rep, which essentially starts the review timeline. The offsite tool can be found on the CANS NSLP website.

During the offsite assessment process, a variety of methods will be used to fill out the tool (for example, examination of recently filed reports, a series of pre-review questions for the SFA to fill out, and a collection of information provided during annual renewal).

The offsite assessment tool will provide CANS reviewers with some baseline evaluation information about the different processes in place. This information could alert the reviewer to potential areas of non-compliance or technical assistance needs well in advance of the on-site portion of the administrative review.

The information communicated during the offsite assessment will be validated by the reviewer onsite through a series of questions that will be answered based on staff interviews and reviewer observation.

The reviewer will also document any technical assistance that is provided to the SFA at any point during the review. Areas of non-compliance may result in fiscal action.

Prior to the offsite assessment, you will also receive a self evaluation packet. These packets are usually sent out in early May.

Administrative Review: Financial Management

Another Refresher

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Nonprofit School Food Service Account

- All SFAs must have a separate account or line item for food service
  - Fund 51 for Public Schools
  - Nonpublic Schools – we must easily be able to see the reimbursement coming in and what items it is paying for going out
- Allowable vs. Unallowable Costs
  - Transactions must be Reasonable, Allocable, Necessary

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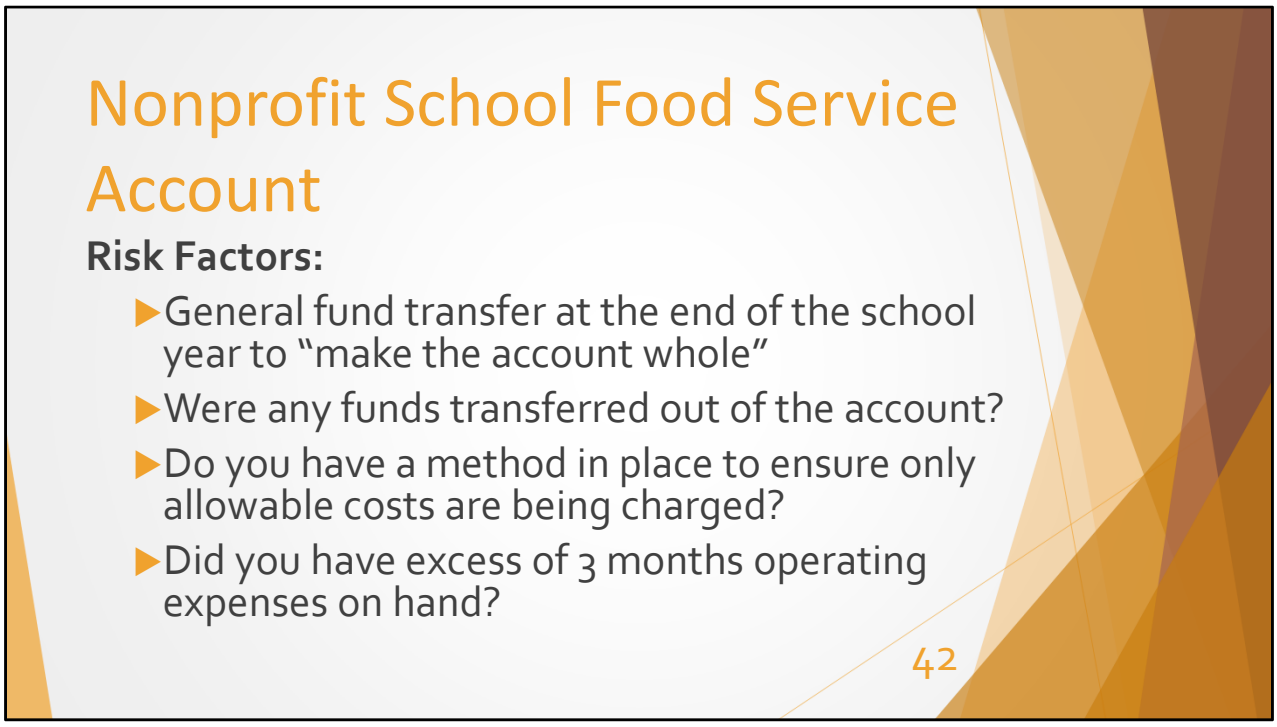
All SFAs must have a separate account or line item for food service:

Fund 51 for Public Schools;

Nonpublic Schools – we must easily be able to see the reimbursement coming in and what items it is paying for going out.

Allowable vs. Unallowable Costs: Transactions must be Reasonable, Allocable, Necessary.



Risk Factors of the NPSFSA:

General fund transfer at the end of the school year to "make the account whole."
Were any funds transferred out of the account?
Do you have a method in place to ensure only allowable costs are being charged?
Did you have excess of 3 months operating expenses on hand?

Definition of Nonprofit School Food Service Account

Nonprofit school food service account means the restricted account in which all of the **revenue** from all food service operations conducted by the school food authority principally **for the benefit of school children is retained and used only for the operation or improvement of the nonprofit school food service**. This account shall include, as appropriate, non-Federal funds used to support paid lunches as provided in §210.14(e), and proceeds from nonprogram foods as provided in §210.14(f).

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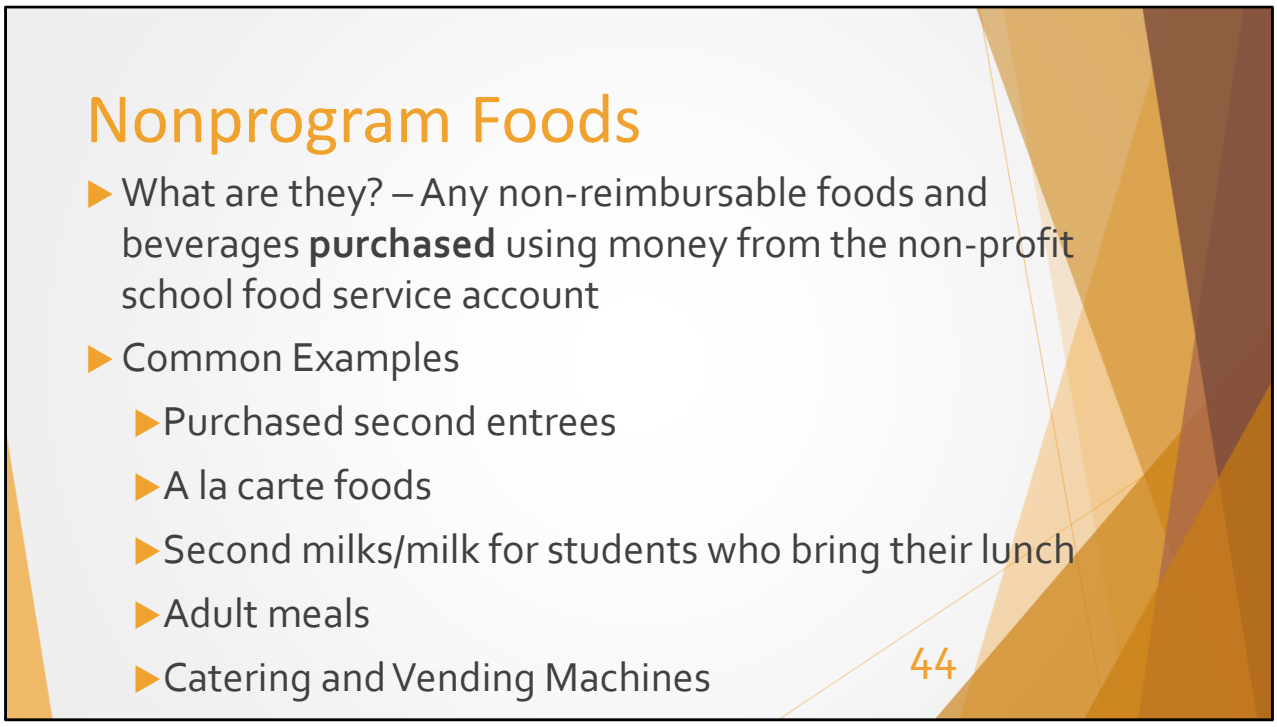
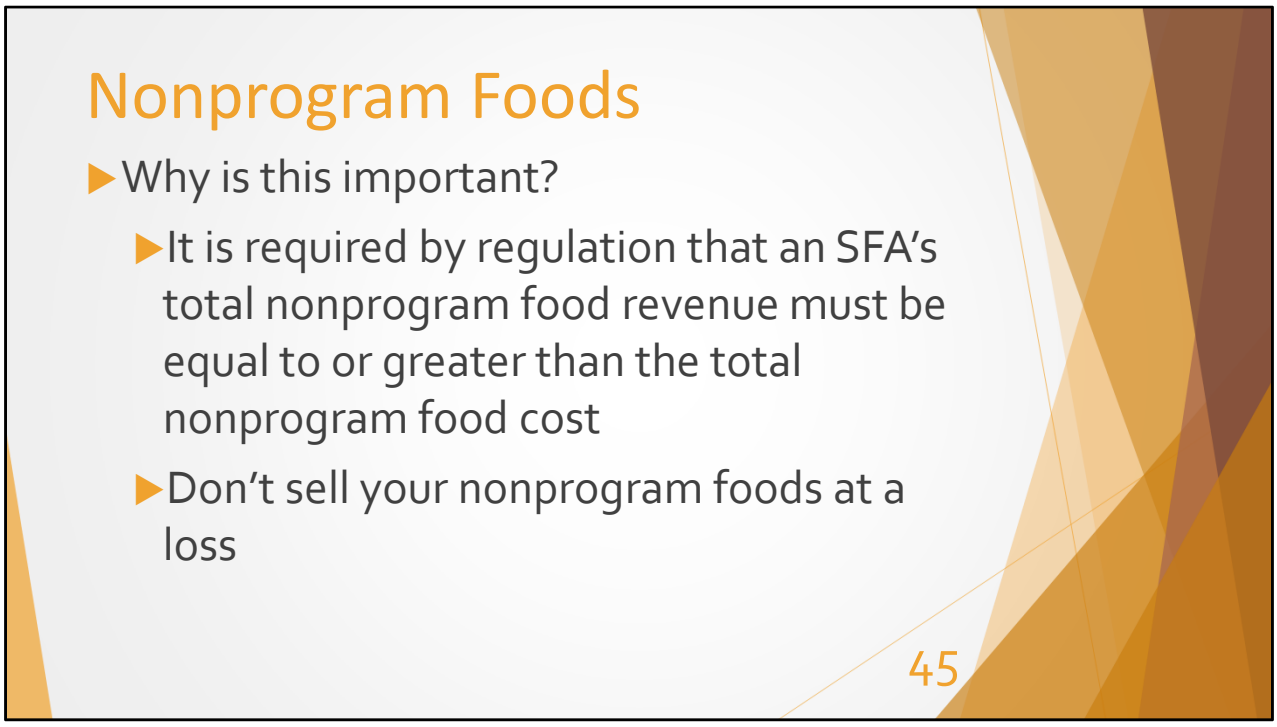


Nonprogram foods are any non-reimbursable foods and beverages **purchased** using money from the non-profit school food service account.

Common Examples:

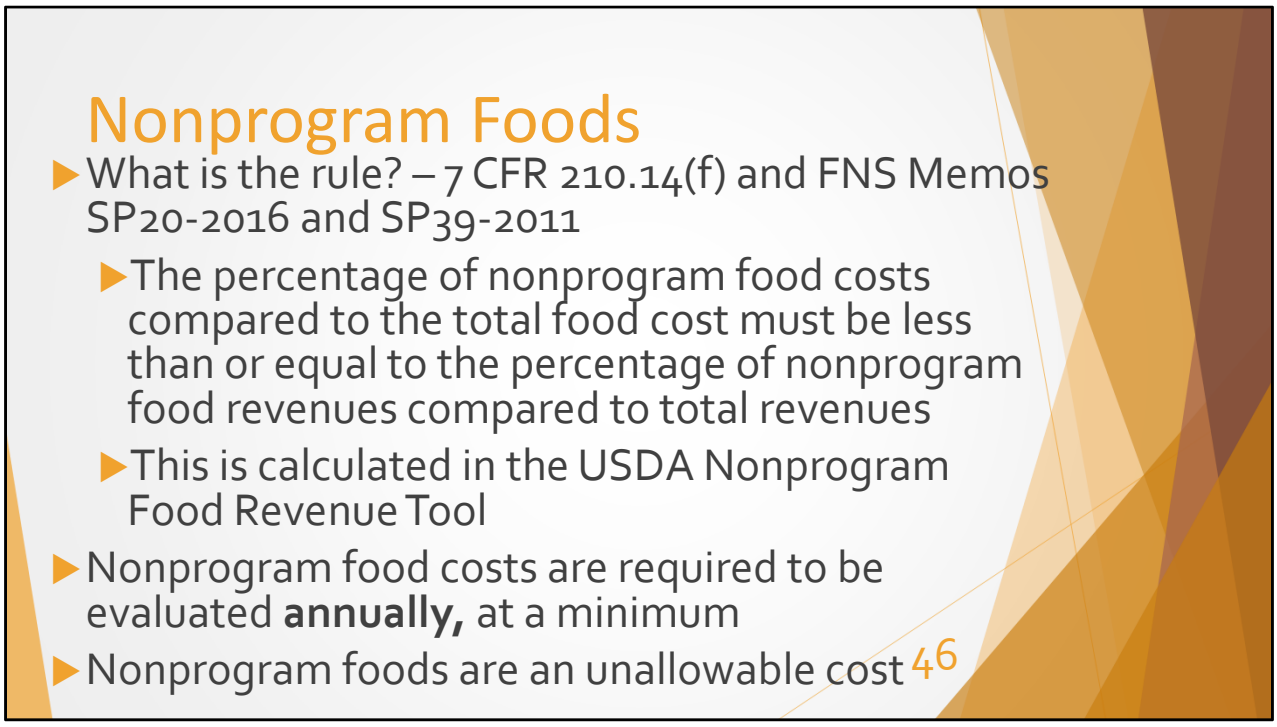
- Purchased second entrees
- A la carte foods
- Second milks/milk for students who bring their lunch
- Adult meals
- Catering and Vending Machines



Why is this important?

It is required by regulation that an SFA's total nonprogram food revenue must be equal to or greater than the total nonprogram food cost.

Don't sell your nonprogram foods at a loss.



7 CFR 210.14(f) and FNS Memos SP20-2016 and SP39-2011 explain that the percentage of nonprogram food costs compared to the total food cost must be less than or equal to the percentage of nonprogram food revenues compared to total revenues.

SO, your nonprogram foods should be sold for at least what they cost you.

This is calculated in the USDA Nonprogram Food Revenue Tool.
Nonprogram food costs are required to be evaluated **annually,** at a minimum Nonprogram foods are an unallowable cost.

Adult Meals

Teachers, parents, children that are not enrolled, all other visitors

- If the meal is **exactly the same** as your oldest menu grade group (K-5, 6-8, 9-12) use process in CANS Memo #223-1
- If meal includes **extra servings**, a **cost analysis** must be completed to calculate the cost of the program foods and adult price is set at or higher than cost

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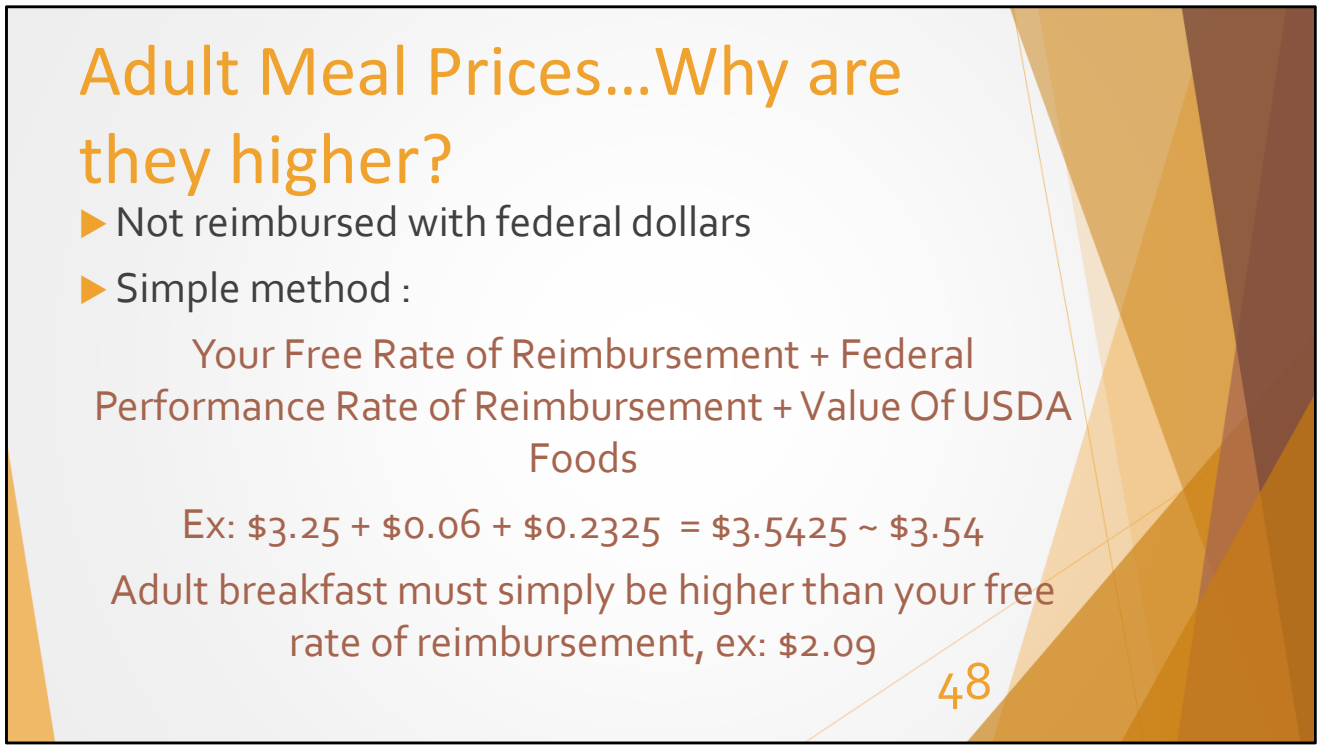
Teachers, parents, children that are not enrolled, all other visitors are considered "adults."
If the meal is **exactly the same** as your oldest menu grade group (K-5, 6-8, 9-12) use process in CANS Memo #223-1 to determine your minimum adult meal price that must be charged.
If meal includes **extra servings**, a **cost analysis** must be completed to calculate the cost of the program foods and adult price is set at or higher than the cost.

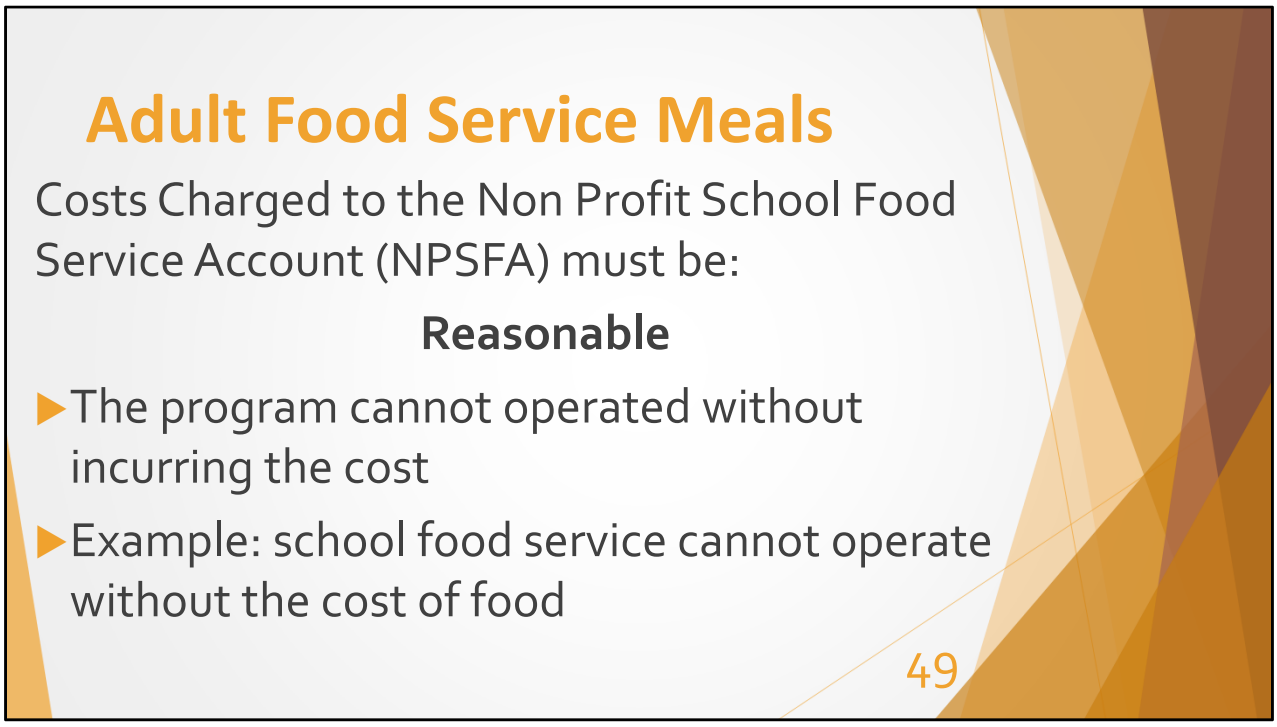


The important thing here is that Student meal reimbursement can't be subsidizing the adult meal price.

If a district wants their adults to have more without raising prices, then the general fund must be charged.
Movie ticket example: Adult price and child price get same thing.

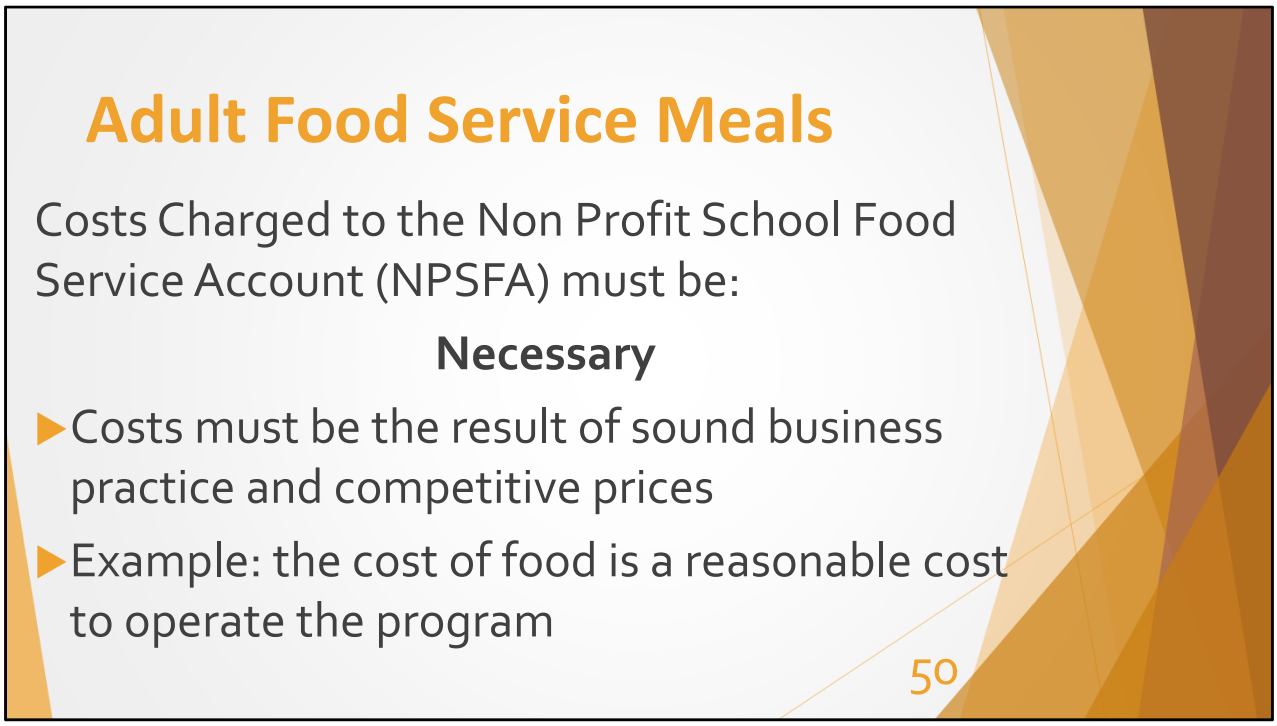
Other costs – Teachers asking for a stack of disposable bowls or other items must be charged out because that is not an allowable cost for the nutrition program

Lunchroom supervision --- Depends.
CANS NSLP Memo #56
"**Only the cost of meals served to adults directly involved in the operation and administration of the School Nutrition Programs** may be added to and supported by the foodservice operation. Individuals preparing and serving food and responsible for clean-up of food service such as dishwashers may have the cost of their meals charged to the foodservice account. Any meal served to an adult or a child that is not enrolled in your school may not be claimed for reimbursement or counted toward the USDA Foods (commodity) entitlement."



General Criteria for Allowable Costs 2 CFR 200.403 provides a list of criteria for allowable costs. The SFA should first determine
whether a cost meets the following criteria:

- Necessary;
- Reasonable;
- Allocable;
- Consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-federal entity;
- Consistently treated as direct or indirect;
- Determined in accordance with Generally Accepted Accounting Principles (GAAP); 8
- Not included as a cost or matching contribution of any other grant (except where allowed by Federal regulations);
- Adequately documented



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Adult Food Service Meals

Costs Charged to the Non Profit School Food Service Account (NPSFA) must be:

Allocable

- A cost must be assigned to the program, function, activity, or other cost objective that benefit from that cost and each cost objective must be charged commensurate with the benefit received

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Adult Food Service Meals

Allocable, *continued*

- Example: the salary of a food service employee whose sole duties are to prepare and serve school meals is 100-percent allocable to the NPSFA
- Example: the salary of a secretary that benefits many school programs, functions, and activities; the portion that benefits the school food service can be determined through a time study

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General Criteria for Allowable Costs 2 CFR 200.403 provides a list of criteria for allowable costs. The SFA should first determine
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Al Carte

- A la carte food sales that are not a part of the reimbursable meal
  - Ex: sherbet, bottles of water, cookies, etc.
  - The raw material cost of the foods, packaging, labor must be covered by the sales price

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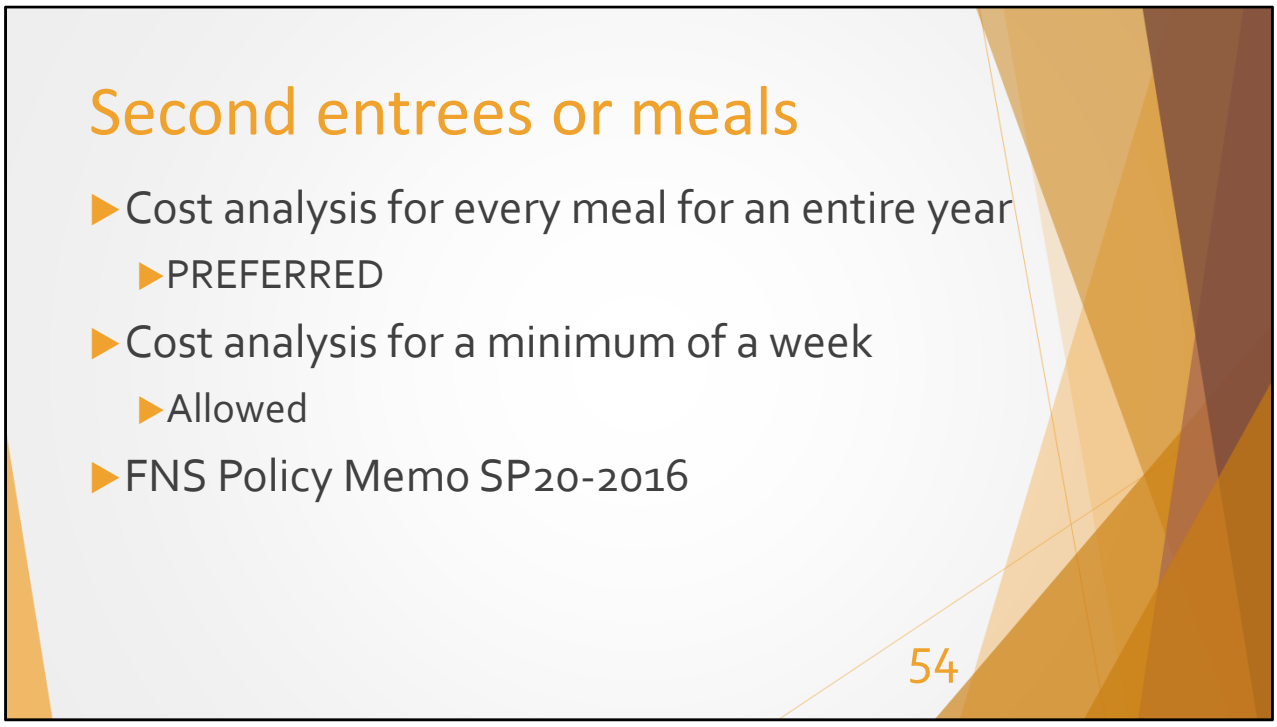
A la carte foods are foods sold that are not a part of the reimbursable meal.
Ex: sherbet, bottles of water, cookies, etc.
The raw material cost of the foods, packaging, labor must be covered by the sales price.



Cost analysis for every meal for an entire year is PREFERRED.
Cost analysis for a minimum of a week is ALLOWED.
FNS Policy Memo SP20-2016.

NonProgram Food Revenue Tool

- What information goes into the tool?
  - Cost for Reimbursable Meal Food
  - Cost of NonProgram Food
    - Total Food Costs is calculated for you
  - Total NonProgram Food Revenue
  - Total Revenue

REMEMBER: any nonprogram food dollars going through the school food service account must be included

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Nonprogram Food Revenue Tool asks for this information:
Reimbursable Meal Food – anything that you count/claim for reimbursement.
Cost of NonProgram Food – adult meals, a la carte items, catering, vending machines, etc.
Total NonProgram Food Revenue – revenue from the sale of NonProgram Foods.
Total Revenue – all revenue gained in the food service account – including reimbursement.

We will walk through an example of the tool in the next couple of slides.

NonProgram Food Revenue Tool

USDA FOOD AND NUTRITION SERVICE

Nonprogram Revenue Calculator		
Enter the cost for reimbursable meal, cost of nonprogram food and total revenue		
Cost for Reimbursable Meal Food		
Cost of Nonprogram Food		
Total Food Costs	$ -	
Total Nonprogram Food Revenue		
Total Revenue		
Minimum portion of revenue from nonprogram funds	0%	
Minimum Revenue Required from the Sale of Nonprogram Foods	$ -	
Additional Revenue Needed to Comply	$ -	

1. Cost for Reimbursable Meal Food
2. Cost of Nonprogram Food
3. Total Food Costs
4. Total Nonprogram Food Revenue
5. Total Revenue

Out of Compliance

Nonprogram Revenue Calculator		
Enter the cost for reimbursable meal, cost of nonprogram food and total revenue		
Cost for Reimbursable Meal Food	$ 8,000	
Cost of Nonprogram Food	$ 990	
Total Food Costs	$ 8,990	
Total Nonprogram Food Revenue	$ 1,000	
Total Revenue	$ 12,000	
Minimum portion of revenue from nonprogram funds	11%	
Minimum Revenue Required from the Sale of Nonprogram Foods	$ 1,321	
Additional Revenue Needed to Comply	$ 321	

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When an SFA is not in compliance with the tool they need to take two steps:

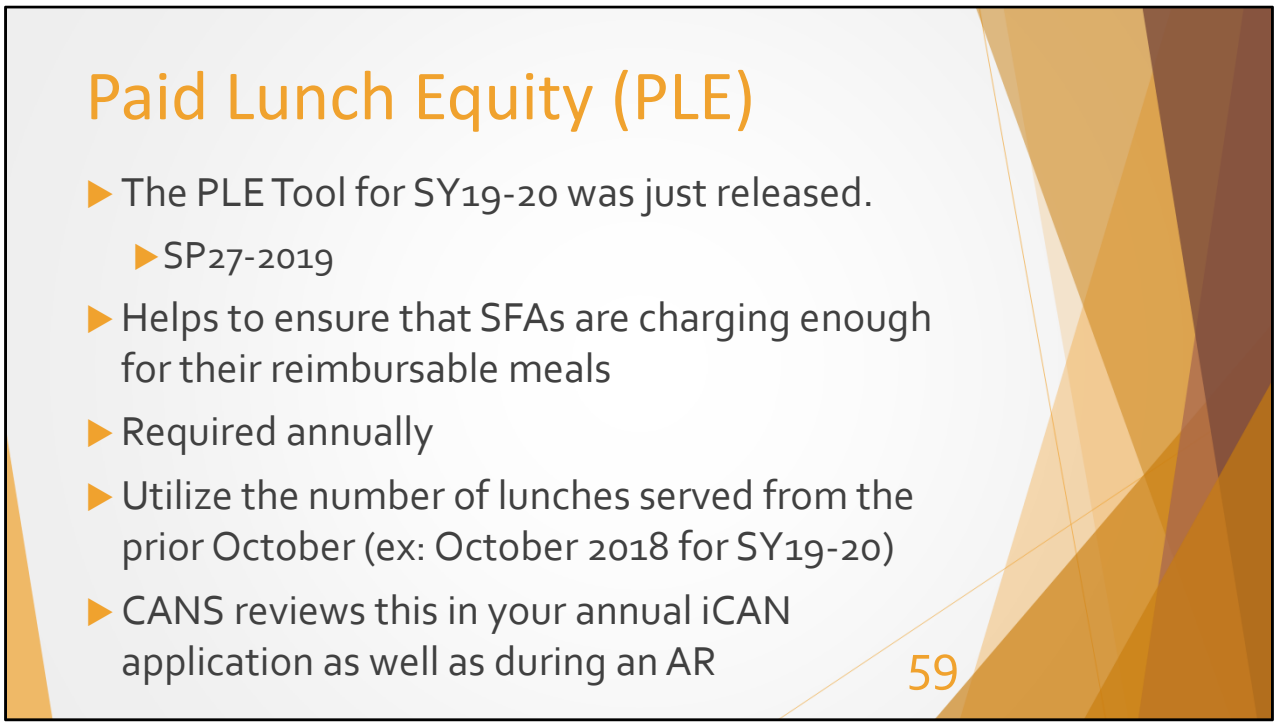
1. Raise their nonprogram food prices
2. Transfer the "additional revenue needed to comply" from a non Federal source into the School Food Service Account

Keep in mind: If you complete the tool using a reference period (anything less than 1 year), you must figure the transfer amount for the entire year

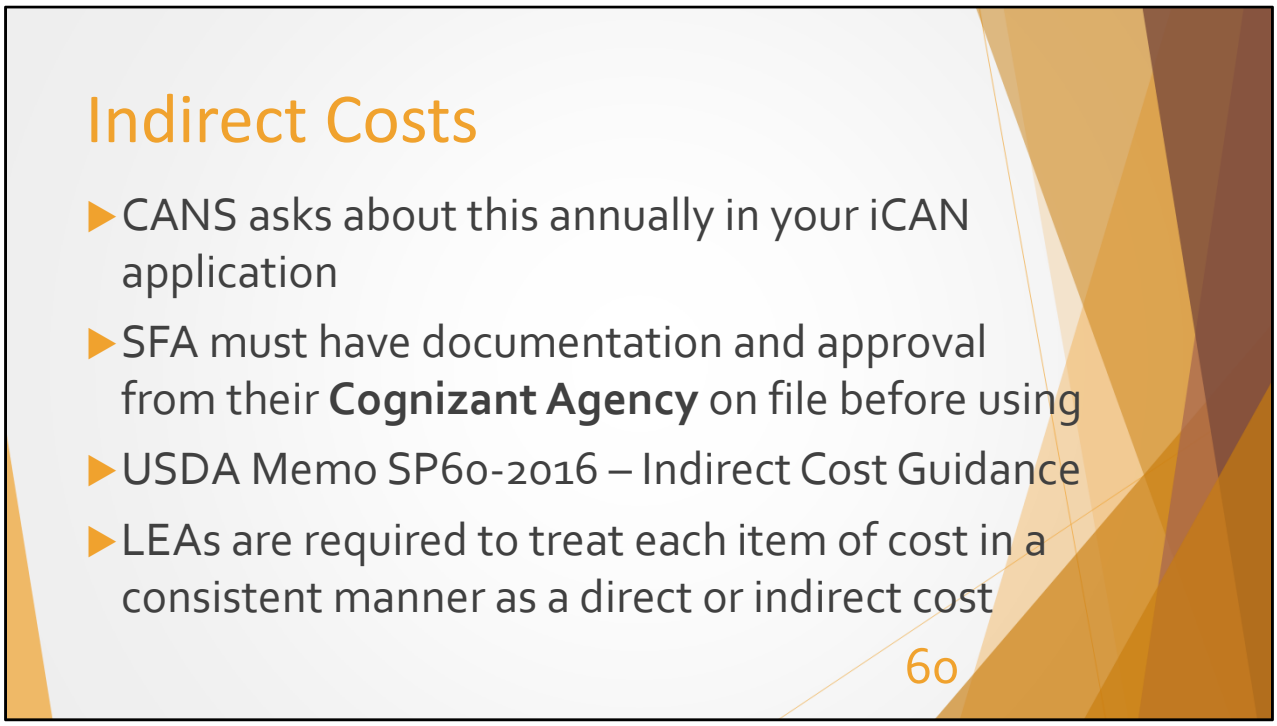
In Compliance

Nonprogram Revenue Calculator		
Enter the cost for reimbursable meal, cost of nonprogram food and total revenue		
Cost for Reimbursable Meal Food	$ 8,000	
Cost of Nonprogram Food	$ 990	
Total Food Costs	$ 8,990	
Total Nonprogram Food Revenue	$ 2,000	
Total Revenue	$ 12,000	
Minimum portion of revenue from nonprogram funds	11%	
Minimum Revenue Required from the Sale of Nonprogram Foods	$ 1,321	
Additional Revenue Needed to Comply	$ -	

Once you have entered all information into the tool, save a copy of the tool and all of your documentation used.
The tool is attached in your iCAN application.
We will ask for documentation that went into the tool during an Administrative Review.



The PLE Tool for SY19-20 was just released: SP27-2019. An email will be coming this week.
The PLE Tool helps ensure that SFAs are charging enough for their reimbursable meals.
Required annually.
Utilize the number of lunches served from the prior October (ex: October 2018).
CANS reviews this in your annual iCAN application as well as during an AR.



CANS asks about this annually in your iCAN application.
SFA must have documentation and approval from their **Cognizant Agency** on file before using.
Cognizant Agency is determined by which federal entity the Sponsor receives the most federal dollars from

Public Schools = SD DOE
BIE Schools = BIE

LEAs are required to treat each item of cost in a consistent manner as a direct or indirect cost

Direct vs. Indirect Costs

- **Direct Costs** – can be "identified specifically" it is not an estimate
  - Can be determined by asking some questions:
    - Who benefits from the cost?
    - Is it only attributable to the school food service?
  - Can be substantiated through written documentation such as time cards, invoices, receipts, etc.
- **Indirect Costs** – Costs incurred for a common or joint purpose benefiting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted

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We are limiting our conversation to costs charged to the NonProfit School Food Service Account (NPSFSA).
We are not accountants, but we have the wonderful Susan and Bobbi to answer very specific questions about direct and indirect costs.
Examples of Typical Direct and Indirect Costs for SNPs:

Direct Costs

Wages and salaries of food service workers; Cost of purchased food; Food service supplies; Media/promotional materials relating to the
food service; Capital expenditures relating to food service (e.g., food service equipment purchases)
EXAMPLE: Dedicated Food Service Staff – 100% of their salary benefits the school meal programs. This is a direct cost.
Janitorial Staff – may work for the entire school & school meal programs, the part of their time that is actually spent in the cafeteria/kitchen is a direct cost.

Indirect Costs

Payroll services; Human resources; Workers' compensation; Procurement; Gas; Electricity; Sewer; Water; Trash; Superintendent's Office

Professional Standards

Hiring Standards

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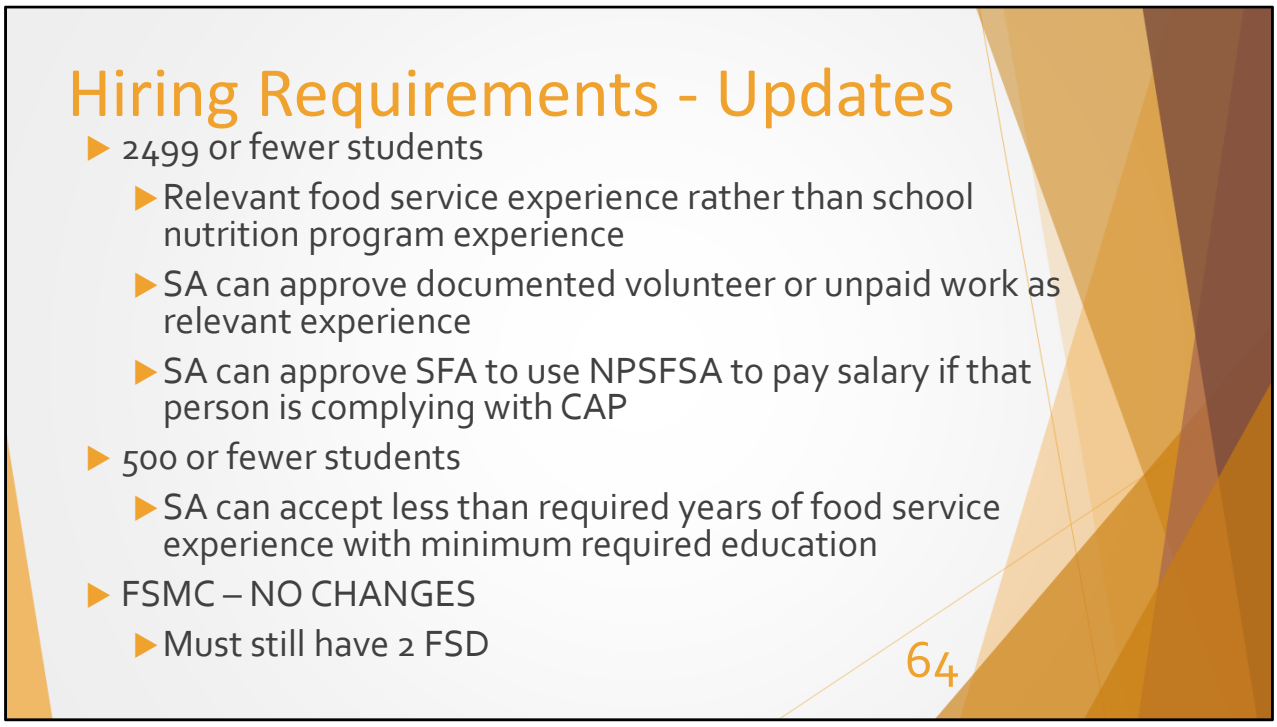
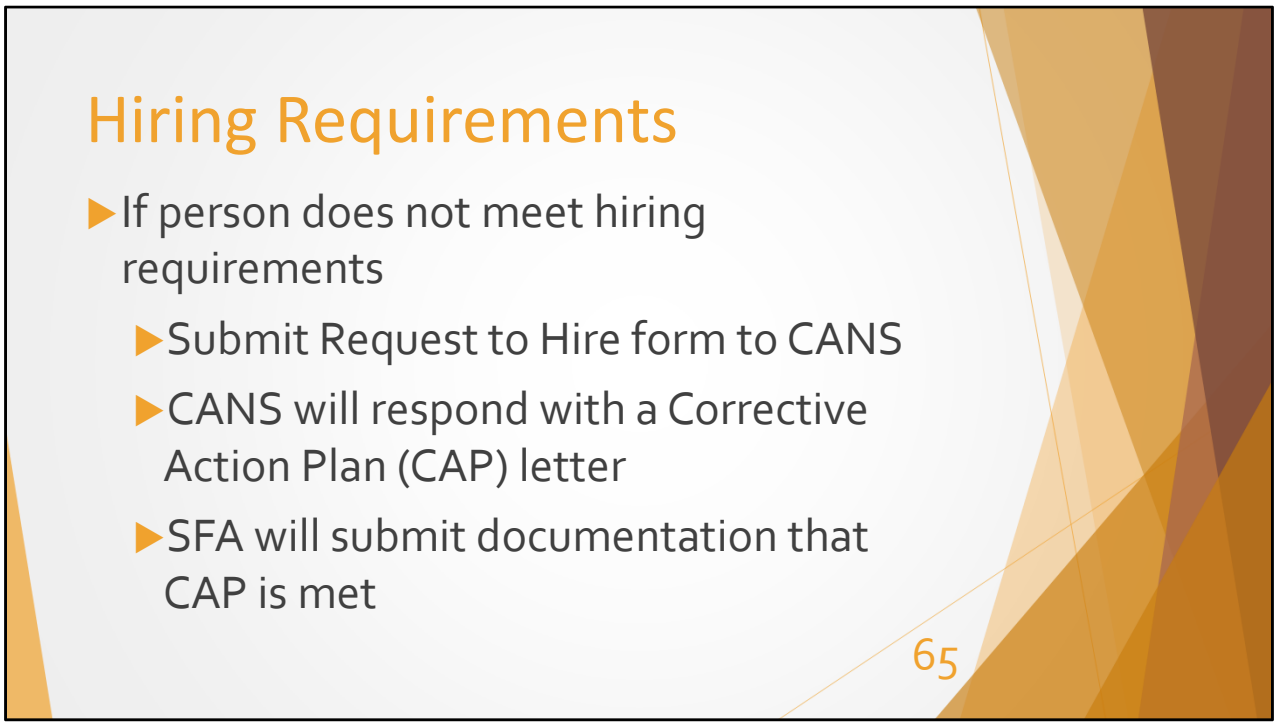
For schools with 2499 or fewer students:
Bachelor's degree or equivalent educational experience specific or related field
OR
Bachelor's degree or equivalent educational experience in any major and 1 year relevant food service experience
OR
Associate's degree or equivalent educational experience in specific or related field and 1 year relevant food service experience
OR
HS diploma or GED and 3 years relevant food service experience.

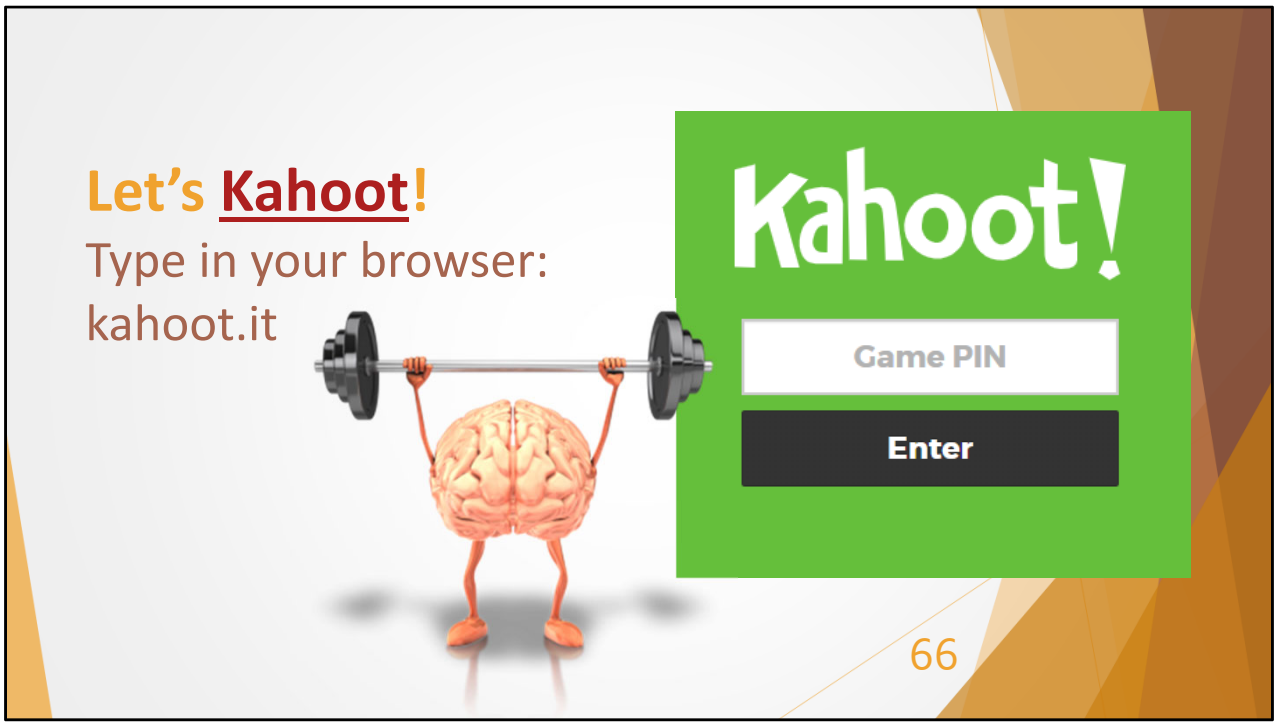


2499 or fewer students:
Relevant food service experience rather than school nutrition program experience.
SA can approve documented volunteer or unpaid work as relevant experience.
SA can approve SFA to use NPSFSA to pay salary if that person is complying with CAP.

500 or fewer students:
SA can accept less than required years of food service experience with minimum required education.
FSMC – NO CHANGES: Must still have 2 FSD.



If person does not meet hiring requirements:
Submit Request to Hire form to CANS.
CANS will respond with a Corrective Action Plan (CAP) letter.
SFA will submit documentation that CAP is met.



Do kahoot before/after to give folks a break, move slide as needed.

Contact Us

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CANS Office

- Email: DOESchoolLunch.com
- Phone: 605-773-3413
- Website: doe.sd.gov/cans/index.aspx

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Contact Us

Liz Marso

- Child Nutrition Director, Pierre School District
- Vice President, School Nutrition Association of SD

Janelle Peterson

- Child Nutrition Director, Rapid City School District
- Past President, School Nutrition Association of SD

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Resources

SCHOOL NUTRITION ASSOCIATION OF SOUTH DAKOTA

Annual State Conference

Pierre, SD

July 23-25, 2019

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INSTITUTE OF child nutrition
RESOURCES • TRAINING • RESEARCH

69

Child Nutrition Update
ASBO April 2019

Training credit Key Area:

2 - Operations:

- 2400 Purchasing & Procurement, 30 minutes

3 - Administration:

- 3320 Compliance with Regulations & Policies, 15 minutes

70

Non-Discrimination Statement

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, sex, disability, age, or reprisal or retaliation for prior civil rights activity in any program or activity conducted or funded by USDA.

Persons with disabilities who require alternative means of communication for program information (e.g. Braille, large print, audiotape, American Sign Language, etc.), should contact the Agency (State or local) where they applied for benefits. Individuals who are deaf, hard of hearing or have speech disabilities may contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, (AD-3027) found online at: http://www.ascr.usda.gov/complaint_filing_cust.html, and at any USDA office, or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by:

(1) Mail: U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
Washington, D.C. 20250-9410;

(2) Fax: (202) 690-7442; or

(3) Email: program.intake@usda.gov.

This institution is an equal opportunity provider.

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Child and Adult Nutrition Services
Food Distribution Program in Schools

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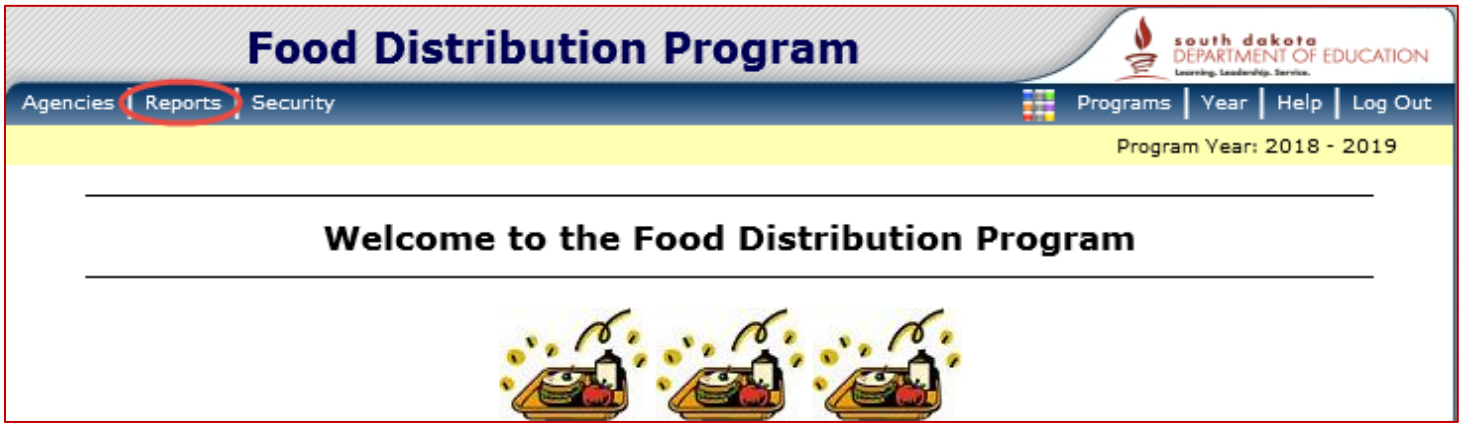
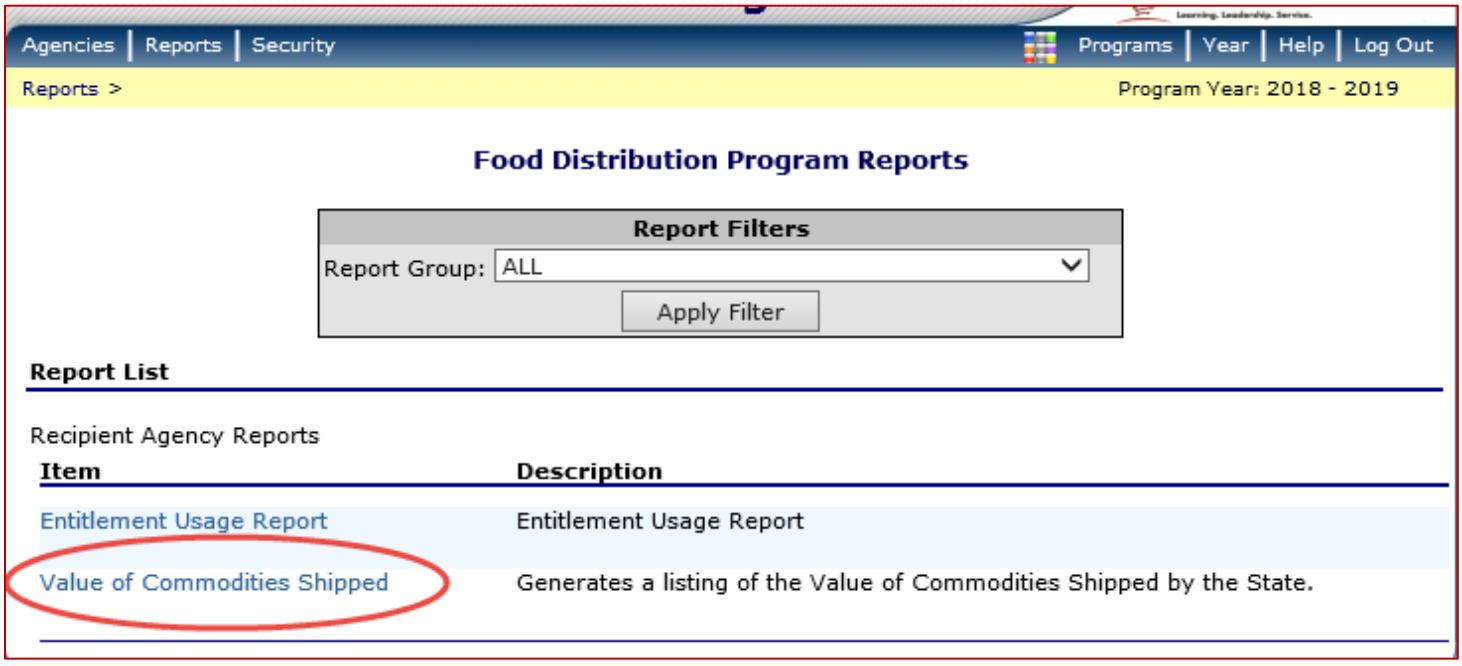
To Find Year End Food Distribution in Schools Reports from iCAN

Year End Reports are found in iCAN at this link https://ican.sd.gov/ican/Splash.aspx

- Log in to the iCAN System
- Select the yellow *Food Distribution* Button
- Select *Reports* in the blue navigation bar



- Select *Value of Commodities Shipped*



- **IMPORTANT REMINDER:** The Value of Commodities Shipped Report is not correct until the end of July.

This institution is an equal opportunity provider.

- Many School Districts continue using the DoD FFAVORS Program until June 30, this causes the delay in reporting final values.

- Schools that utilize bulk processing pounds gather reports outside of iCAN at:
  - K12 website http://next.k12foodservice.com
  - and/or the Processor Link website https://www.processorlink.com

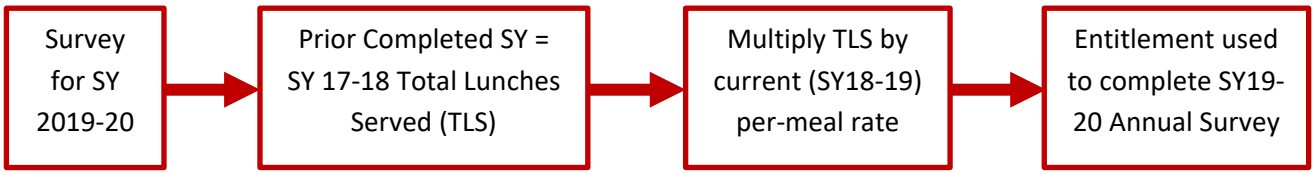
  Each site provides reports on a districts pound usage and dollar amounts spent.

Entitlement Calculations and Adjustments

Entitlement Calculation for Annual Survey to Schools in iCAN:

- A school's initial entitlement is based on their Total Lunches Served (TLS) that were claimed from the prior completed school year multiplied by a per-meal rate. Since this step must be completed for the survey (and before the current school year ends) entitlement listed in the SY 2019-2020 Annual Survey in iCAN reflects the TLS from SY 2017-18 multiplied by an estimated per-meal rate provided by the USDA.

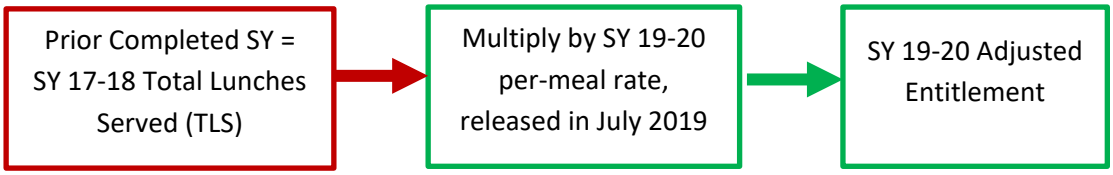
For example:



Adjustment #1 After July:

- The new school year per-meal rate is released by the federal government each July.
- Each school's entitlement is recalculated using the per-meal rate for the current school year.
- Schools may see an increase or decrease in entitlement once the per-meal rate is applied to iCAN in July.

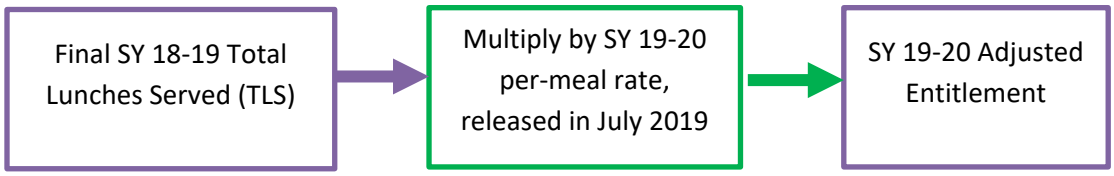
For example:



Final Adjustment (#2) in November or December:

- In November the SY 2018-19 meal claims are finalized.
- Entitlement for SY 19-20 based on the final SY 2018-19 Total Lunches Served.
- Schools may see an increase or decrease in entitlement once the updated TLS are applied to iCAN in November/December.

For example:

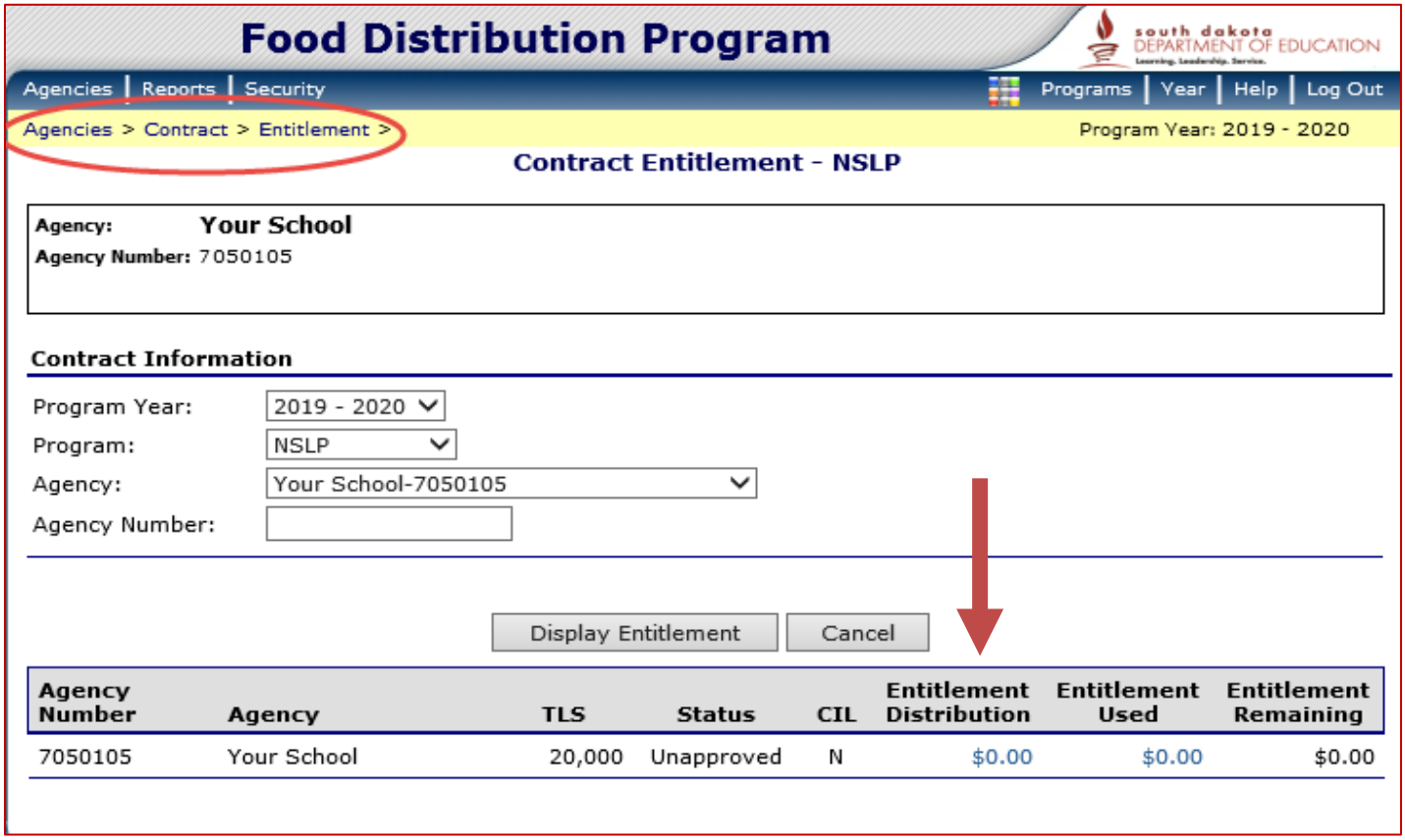


Important Entitlement Reminders

- Entitlement is allocated each school year and must be used or it is lost. Schools cannot carry over entitlement.
  - Districts are not penalized if they don't use all their entitlement, however, CANS will adjust as needed to ensure overall state entitlement usage is maximized. This means, schools that do not use their entitlement throughout the school year can have their entitlement reduced. Their unused entitlement is distributed among schools that maximizing their entitlement usage.

- Each school can spend 105% of their entitlement in the iCAN system. This is to encourage schools to spend their entitlement!

- To find your school's entitlement allocation:
  - Log into iCAN
  - Select the yellow *Food Distribution* button
  - Select *Agencies*
  - Select *Contracts*
  - Select *Contract Entitlement*
  - Review *Entitlement Distribution*



Child and Adult Nutrition Services

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General Calendar for Schools Contracting with a Food Service Management Company

September/October – Alert State Agency of your interest in hiring an FSMC
November - Required training
November (after training) - State RFP Prototype available
December 1 - Deadline for requesting State RFP Prototype
January 15 - Submit complete RFP to State Agency for pre-approval. If RFP is complete and accurate, State Agency should be able to approve within 2 weeks. RFPs should not be released prior to approval.
March 1 Final Day - For School to Advertise RFP

- 60 Days (~April 30) - Recommended period to have RFP open for responses
- *Optional* on-site meeting with potential respondents is 10-14 days after RFP is released

May 15 - deadline for school to send State Agency draft contract for approval
July 1 - Final contract in place

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The Community Eligibility Provision (CEP)

What Does It Mean For Your School or Local Educational Agency?

What does it do?

- Allows schools and local educational agencies (LEAs) located in low-income areas to provide free breakfast and lunch to all students
- Eliminates the burden of collecting household applications to determine eligibility for school meal programs

Who benefits? Everyone!

- **Students**
  Access to free nutritious meals for all students, no stigma, and less time spent in cashier lines and more time to eat nutritious meals
- **Parents**
  No household application means less paperwork and no worries about lunch accounts
- **School staff**
  Streamlined meal service operation and more time for students to consume their food
- **Administrators**
  Reduced paperwork and administrative costs, no need to track unpaid meal charges, improved program integrity, and more nourished students ready to learn and grow

Who can participate?

- Schools and LEAs with a minimum Identified Student Percentage (≥40 percent) in the prior school year

  Identified students = those certified for free meals without the use of household applications (for example those directly certified through SNAP).

- Available to:
  - All schools in an LEA
  - A group of schools in an LEA
  - An individual school in an LEA

Background

- Authorized by Congress as a part of the Healthy, Hunger-Free Kids Act of 2010.
- Phased in over a period of 3 years, starting with D.C., Illinois, Kentucky, Michigan, New York, Ohio, West Virginia, Florida, Georgia, Maryland, and Massachusetts.
- Available nationwide beginning July 1, 2014 (School Year 2014-15).

What must interested schools and LEAs do?

- Meet eligibility requirements.
- Serve free breakfasts and lunches to all students during the 4-year cycle.
- Count total breakfasts and total lunches served to students daily.
- Agree not to collect household applications for school meal programs.
- Determine if non-Federal funds are needed to cover costs above USDA reimbursement.

What do interested schools and LEAs do next?

- Determine if CEP is right for you.
- Contact your State for more information: http://www.fns.usda.gov/cnd/contacts/StateDirectory.htm.
- If eligible, submit required documentation to your State Agency.

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